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1983 MUTUAL FUND FACT BOOK

INVESTMENT COMPANY INSTITUTE

1775 K STREET, N.W. • WASHINGTON, D.C. 20006

Aims and Purposes of the Investment Company Institute

The Investment Company Institute, formerly the National Association of Investment Companies, was founded in 1941. It represents its members—mutual funds, their investment advisers and their underwriters—and their shareholders in matters of legislation, regulation, taxation, public information and advertising, statistics and economic and market research. The Institute provides a clearinghouse to which interested persons and communications media may turn for information about the mutual fund industry in the United States, and serves as spokesman and fact-finder in many areas affecting its members, their shareholders and the investing public.

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EDITOR'S NOTE

Wherever mutual fund statistics appear in text, charts and tables throughout this volume, money market funds and short-term municipal bond funds are included only where clearly indicated.

1982: A Year of Contrasts

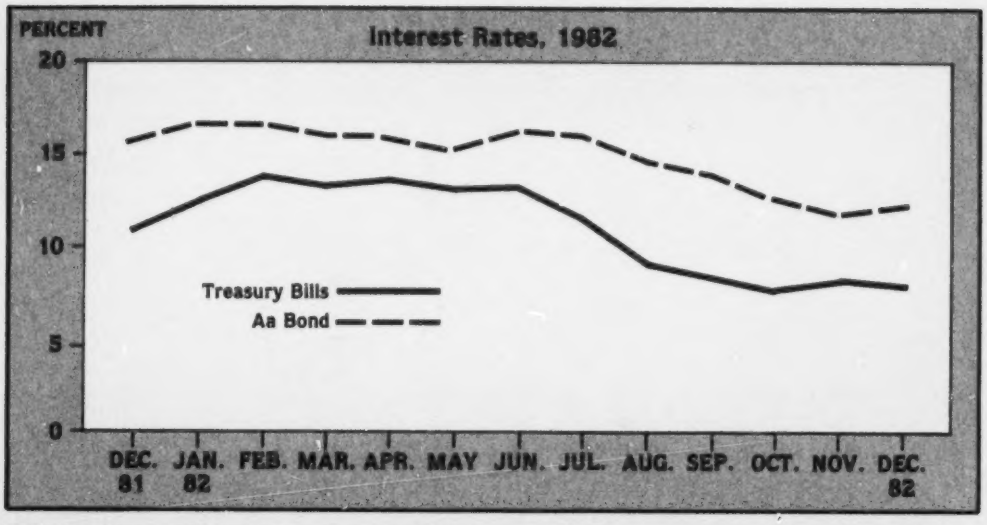
In the spring of 1983, investors are enjoying the warm breezes of a profitable climate. The economy is obviously in the early stages of a recovery, with forecasters calling for real growth this year in the neighborhood of 5 percent. Inflation, declared the major economic problem a couple of years ago, has been reduced to levels previously thought impossible. So optimism presists, although tempered by the realization that some large problems remain. The recovery may leave behind certain basic industries in which unemployment is high. Looming budget deficits and excessive money supply growth threaten the long-term outlook for inflation and interest rates. One thing is certain, each stage of the economic cycle carries within it the seeds of the next. Our present situation, therefore, can be traced, in large measure, to events in 1982, a year of contrasts.

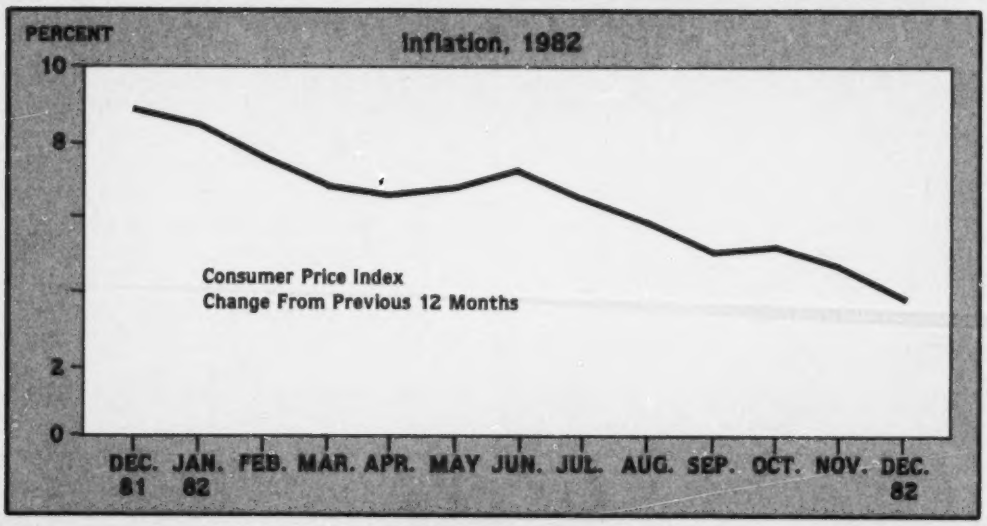
As 1982 began, the economy was already in decline. Real GNP had fallen 5.3 percent during the final quarter of 1981, and would slip another 5.1 percent in the first quarter of the new year. Business activity would continue slack, as it had been since early 1981. For the year, the economy registered a disappointing 1 percent drop in real GNP. However, after the early months, though business conditions continued to falter, the financial markets took on a decidedly upbeat attitude.

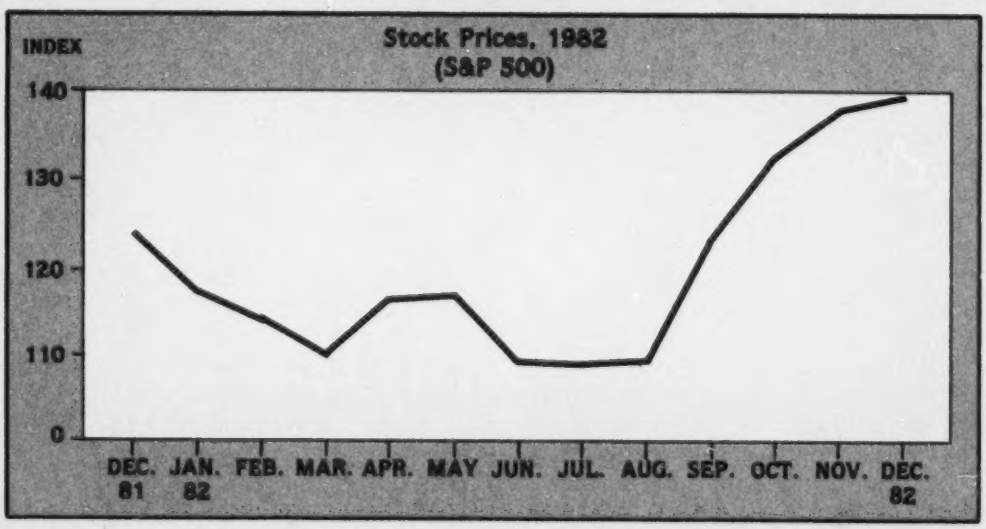
Interest rates were the focus of attention throughout the year. Through the first several months, rates remained very high despite encouraging news on inflation and the lack of business loan demand. The high rates were said to reflect fears of budget deficits, and were held responsible for most of the slack in business activity. The prime rate held at 16.5 percent through the first half of the year. Treasury bill rates also remained in double digits until summer. Spurred on by rapid money supply growth, interest rates began falling in earnest around mid-year. Treasury bill rates dipped below 8.0 percent in October. Corporate bond yields declined from over 16.0 percent in February to under 12.0 percent in November, before rising again slightly. And the prime rate moved down to 11.0 percent, where it stands presently. Falling rates had a dramatic impact on the bond market. The S&P AAA bond index, which was down 7.4 percent from January to the end of June, posted a 28.4 percent rise by the end of the year. Total returns in the bond market, according to the Solomon Brothers Bond Index, approached 40.0 percent for 1982, a reversal of many years of negative returns for bond investors.

The stock market also participated in the fireworks after an abrupt turnaround. In July the S&P 500 index was lower than it had been in January. Through the first seven months of the year, total returns were a minus 9.4 percent. In August, a rally began that carried through the end of the year and continues thus far in 1983. At the end of December, the market had provided an annual total return of about 21.6 percent.

Banking deregulation continued to make its presence felt in the financial arena. On December 14, deposit institutions began offering a new account


PERCENT
Interest Rates, 1982
20
15
10
5
0
Treasury Bills
Aa Bond
DEC. 81
JAN. 82
FEB.
MAR.
APR.
MAY
JUN.
JUL.
AUG.
SEP.
OCT.
NOV.
DEC. 82


PERCENT
Inflation, 1982
10
8
2
0
Consumer Price Index
Change From Previous 12 Months
DEC. 81
JAN. 82
FEB.
MAR.
APR.
MAY
JUN.
JUL.
AUG.
SEP.
OCT.
NOV.
DEC. 82


INDEX
Stock Prices, 1982
(S&P 500)
140
130
120
110
0
DEC. 81
JAN. 82
FEB.
MAR.
APR.
MAY
JUN.
JUL.
AUG.
SEP.
OCT.
NOV.
DEC. 82

which allowed institutions total discretion over the rate of interest they would pay. This money market deposit account, requiring a minimum $2,500 deposit and with some restrictions on transactions, has attracted a substantial volume of money. An introductory period of extraordinarily high interest rates helped the new accounts grow to $54.2 billion by the end of 1982. Expansion in 1983 has continued at a rapid pace.

With short-term interest rates down in the 8.0 percent range, attractive returns being earned in the stock and bond markets, and high promotional rates available on the new deposit accounts, money market fund assets began to fall. From a peak of $232.6 billion on December 1, the funds had dropped to $206.6 billion by year-end, a level $25 billion above year-end 1982 assets. Assets of money market funds fell further throughout the early months of 1983.

Short-term municipal bond funds, combining many of the features of money market funds with tax-free income, had tremendous growth during 1982. Frequently referred to as tax-exempt money market funds, they enjoyed a narrow yield spread between taxable and non-taxable short-term rates, and posted net sales of $7.2 billion in 1982. They finished the year with assets of $13.2 billion, over three times their 1981 total. The growth continues. In the first three months of 1983, the asset figure has climbed to nearly $17 billion.

Investment performance of the equity group in 1982 reflected the rise in the general level of stock prices. Over the past three and five years, equity funds, with dividends and capital gains re-invested, have kept their shareholders comfortably ahead of rises in the price level, while common stocks generally did less well. Mutual funds have outpaced inflation by about 30 percent over the three years and 50 percent over the five years ending in 1982.

Sales of mutual funds, other than short-term funds, totaled $15.7 billion in 1982. For the industry as a whole, sales exceeded redemptions by over $8 billion. Total assets of all funds rose from $241.4 billion at the end of 1981 to $296.6 billion at the end of 1982, an increase of 23 percent. Industry growth continues strong in the early months of 1983. Sales through March reached $9.7 billion, while redemptions were just $3.2 billion. At the end of March industry assets stood at $286.6 billion.

What Is a Mutual Fund?

A mutual fund is a financial service organization that receives money from shareholders, invests it, earns returns on it, attempts to make it grow, and agrees to pay the shareholder cash on demand for the current value of his investment.

Generally a mutual fund is an open-end management company engaged in the business of continuously issuing and offering for sale redeemable securities which represent an undivided interest in the fund's assets. Most mutual funds are corporate in form and the securities issued by them usually consist of capital stock.

The proceeds from the sale of securities issued by a mutual fund are invested in a portfolio of various kinds of securities in accordance with the stated investment policy of the particular fund. Some funds invest primarily in securities offering long-term growth, others in current income, still others in particular industries or classes of securities, and many offer various combinations of objectives.

The mutual fund shareholder may at any time cash in (redeem) his investment at the net asset value currently of the fund's shares. The value of a share in a mutual fund is calculated daily on the basis of the market value of the securities held in the fund.

When an individual buys shares in a fund he obtains them directly from the fund itself at the net asset value. Some funds include a sales commission or sales load. There are other funds that are sold with no sales commission; they are known as "no-load" funds.

Mutual funds usually contract with an outside investment adviser for investment advice and other management services, and with a principal underwriter for the distribution of the fund's shares.

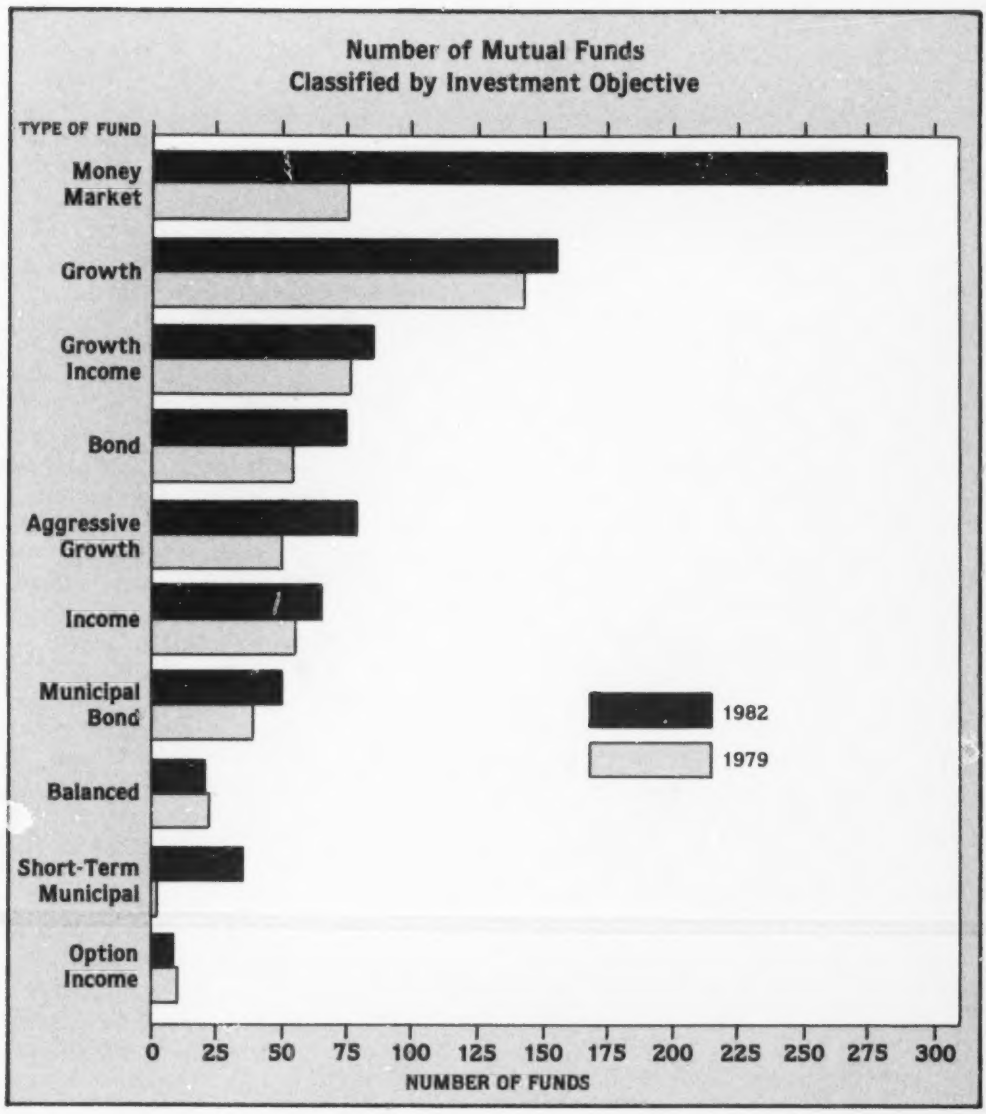
The investment adviser receives compensation for its services in the form of a fee based on the total value of the assets under management.

The principal underwriter of a mutual fund is engaged in the selling and distributing of the securities issued by the fund to the investing public through brokers and dealers, or directly through the underwriter's own salesmen, or both. The principal underwriter either purchases the securities issued by the fund for resale or acts as agent for the fund, for which it receives a fee usually in the form of a portion of the sales commission included in the selling price of the shares issued by the mutual fund.

Under the Internal Revenue Code, funds that meet certain requirements are permitted to distribute investment income and capital gains to their shareholders without first paying a tax on them. The fund is a pipeline through which the dividends, interest and other income flow from the securities held in the portfolio to the fund shareholders.

Similarly, the fund serves as a conduit for capital gains. The individual shareholder therefore treats investment income and capital gains received from the fund exactly as he would had he bought and sold securities himself without the fund serving as an intermediary.

For tax purposes, the shareholder receives from the fund a year-end statement telling him clearly what part of the money distributed to him represents long-term capital gains. He



also receives from the fund regular statements that not only tell him how his own investment is doing but also reports on the progress of the fund, its portfolio holdings, expenses, changes in management, and other relevant data.

Mutual funds are required to be registered with the Securities and Exchange Commission pursuant to the Investment Company Act of 1940. The activities of the mutual funds and their relationship with the public are all subject to regulations under the Act. (See "Regulation and Taxation" on page 52.)

Historical Background

Although England is generally considered to be the birthplace of the investment company movement (Belgium also claims the distinction), the unprecedented growth of the American economy in the 1920s created the opportunity for the introduction of investment companies in this country and their rapid expansion exceeding the forty-year-old industry in England.

Following the First World War the United States found itself to be a creditor nation with a 37 percent increase in national income by 1927. Liberty Bond and Victory Loan drives by the government during the War introduced many Americans to the investment returns possible through the purchase of securities. Investment houses were quick to recognize this vast new market.

The first closed-end and the first open-end companies organized to offer shares to the public commenced in 1924. By the end of 1927, 56 other closed-end companies and 13 other open-end companies had been formed. During the next two years the number of investment companies more than doubled and the shareholders increased from 38,000 to 380,000.

Then came the stock market crash of 1929, which was followed by the longest and worst depression the United States has ever known.

Of course the crash had an effect on the equity interest of mutual fund shareholders, but they faired relatively well in the years compared with the stock market generally. Had the losses by the mutual fund investors during the depression years been solely attributable to the effect of the declining market, the Investment Company Act of 1940 might never have been enacted, particularly in its final form. (See "Regulation and Taxation" p. 52.)

Although the crash resulted in the demise of hundreds of financial institutions, all of the mutual funds survived. In fact, because closed-end funds were particularly hard hit from the effects of the declining market, investors wishing to purchase shares in investment companies turned to mutual funds. By 1940 there were 68 funds with $448 million in assets and 296,000 shareholder accounts. In the next decade the totals grew to 98 funds with $2.5 billion in assets and more than a million shareholder accounts. Mutual funds were on the move.

During the past 30 years or more, the mutual fund industry has demonstrated its ability to adapt to varying conditions and respond to changing investor needs. In the period since the 1940s it is possible to classify the ensuing years into three stages of competition: 1950 to 1968; 1969 to 1977; and 1978 to 1982.

A brief review of these periods—each unique in its own way—is provided in the chapter "Growth and Development" (page 21). It also demonstrates that as mutual funds approach their 60th anniversary what was once an equity-oriented industry has become a financial services industry with an ever-expanding assortment of funds and services.

Responding to Investor Needs

The mutual fund industry has achieved great public acceptance by adhering to a primary consumer axiom: Be responsive to needs. In their search for a measure of financial security, savers and investors **need** to accumulate dollars which may be used to finance retirement, a home, or other short- or long-term objectives. Mutual funds help people achieve their goals by offering them a diversified line of financial products, each of which pays a competitive return commensurate with the risks assumed.

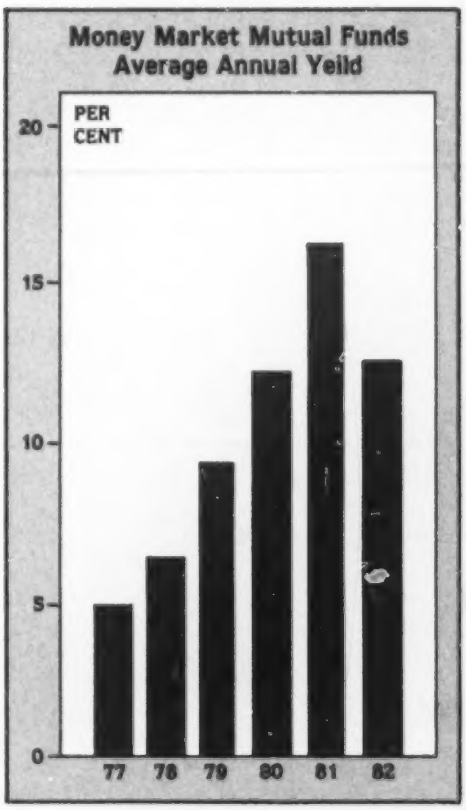
Investors may choose fund products that closely match their own reward-risk perceptions. Moreover, they may exchange one product for another within a fund complex, if they desire. Such exchanges enable shareholders to adjust their savings-investment programs in accordance with shifts in their personal finances or changes in economic or financial conditions. In short, fund shareholders have **flexibility**.

In recent years, the total number of mutual funds offered to the public has grown sharply. Money market funds have been primarily responsible for this expansion, although virtually all types of funds have increased in number (see chart p. 9). A brief description of the major types of funds is shown in the accompanying box.

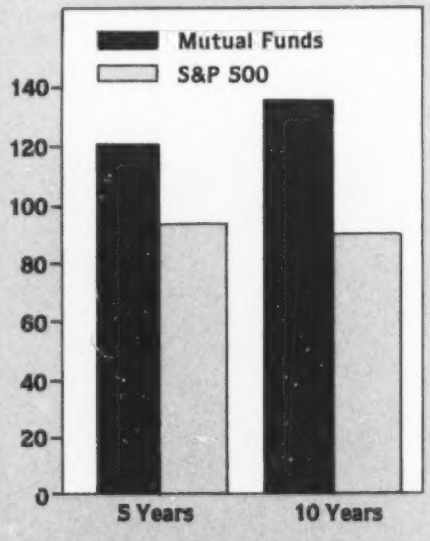
Through a mutual fund, the investor's objective is pursued with the advantages of diversification and professional management. Some companies aim for long-term growth of capital and income, others stress current income, and some put capital and stability first. Thus, although no fund can absolutely guarantee that its objectives will be reached due to the risks inherent in some types of investing, investors can find funds with goals similar to their own.

In recent years, investors have flocked to money market funds because they have paid high returns and, at the same time, provided liquidity and safety. As shown in the accompanying chart, the average annual yield on money market funds in 1982 was 12.2 percent, an attractive yield although below last year's record 16.0 percent.

Investor demand for equity funds—aggressive growth, growth, and growth and income—has also increased since about 1977. This expan-



Mutual Fund Investment Performance and the S&P 500
Percent Change
Period Ending Dec. 31, 1982



Note: Mutual fund performance is the unweighted average of the total returns of aggressive growth, growth, and growth and income funds. Calculated by the Institute from data compiled by Computer Directions Advisors, Inc.

sion reflects the superior investment performance of these funds. In recent years, total returns—capital gains and reinvested dividends—have not only been high, but they have exceeded the rate of inflation and the overall market return as measured by the S&P 500.

Income Dividends: Good investment performance and favorable markets mean dollars in the pockets of shareholders. After the investor has made his mutual fund purchase, he receives varying amounts of income from dividends and interest on the fund's portfolio securities, after deducting operating expenses.

In 1982, for example, investment income dividends from all types of funds amounted to $25.8 billion, an increase over the prior year and more than twice the amount paid in 1980. This high level of dividends reflects both the high level of market interest rates and the huge expansion in assets managed. Money market funds alone distributed $21.7 billion in dividends to their shareholders, while stock and bond funds paid out $3.8 billion in dividends. (See tables p. 13.)

Capital Gains Distributions: Mutual funds may also distribute to shareholders, on a yearly basis, net long-term profits realized upon the sale of portfolio securities when and if they occur. These payments are called capital gains distributions. Capital gains distributed to shareholders in 1982 by equity and bond funds amounted to $2.4 billion.

Automatic Reinvestment: Most mutual funds also offer shareholders plans for the automatic reinvestment of investment income dividends and capital gains distributions. In addition, most mutual funds distribute net realized long-term capital gains through the medium of an optional stock dividend by which the shareholder may receive stock at net asset value and thus keep his share of the gains at work in the company, or he may elect to receive cash.

Of the $25.8 billion received in investment income dividends in 1982, shareholders took shares instead of cash in the amount of $22.9 billion or about 88.8 percent. Ten years ago, dividend reinvestment amounted to less than $1.0 billion or 53.8 percent of the total. Similarly, of the $2.4 billion paid out to shareholders as capital gains, nearly 75 percent was put back into mutual fund shares.

Dollar-Cost Averaging: A widely recognized benefit accruing from regularly investing, particularly in equity funds, is dollar-cost averaging. This is a process whereby the shareholder invests identical amounts of money in shares at regular intervals. Thus, his money buys more shares when prices are down, fewer shares when prices are high. While the process can neither assure him of a profit nor of protection against loss when security prices decline, the purchase of more shares at

lower rather than higher prices tends to reduce the average cost of purchases made.

Contractual Plans: Another way to regularize saving is through a contractual plan. In a contractual plan an investor agrees to invest a fixed amount on a regular basis for a specified number of years. Designed as a program for the accumulation of mutual fund shares, a contractual plan should be considered as a long-term investment program, practical and convenient for accumulating capital where the objective is retirement, building an estate,

Dividends and Reinvestment
All Types of Mutual Funds
(Billions of Dollars)

Year	Investment Income Dividends	Reinvested Dividends	Percentage Reinvested
1971	1.3	0.7	56.3%
1972	1.3	0.7	53.8
1973	1.3	0.7	54.5
1974	1.6	0.9	56.4
1975	1.6	1.1	68.1
1976	1.7	1.1	63.1
1977	1.9	1.3	65.8
1978	2.5	1.8	71.3
1979	5.2	3.7	72.2
1980	10.4	8.5	81.3
1981	21.7	19.7	91.7
1982	25.8	22.9	88.8

Capital Gains and Dividends
Distributions to Shareholders
All Types of Mutual Funds
(Billions of Dollars)

Year	Net Realized Capital Gains	Net Investment Income		
		Equity Bond & Income Funds	Money Market Funds	Short-Term Municipal Bond Funds
1975	$0.2	$1.4	$ 0.2	N/A
1976	0.5	1.6	0.1	N/A
1977	0.6	1.8	0.1	N/A
1978	0.7	2.1	0.4	N/A
1979	0.9	2.5	2.7	N/A
1980	1.7	2.7	7.7	$0.1
1981	2.7	3.1	18.5	0.1
1982	2.4	3.8	21.7	0.3

or providing funds for the education of children. Since the distribution charge is deducted primarily against early payments, it is important that the plan be carried through, since termination in the early years could result in a proportionately higher sales charge.

Other products and services offered by mutual fund organizations are:

Withdrawal Plans: Many mutual funds offer a service whereby shareholders may receive payments from their investment at regular intervals. These may be in fixed amounts or calculated on one of several other bases. Withdrawal accounts are designed for those who wish to supplement their income for current needs, or to meet commitments of a specific nature. Generally some of the capital of the account must be withdrawn to make up the payments. There is usually a minimum investment amount required to start a withdrawal plan. The most salient feature of such plans is that the balance of the principal remains fully invested and always at work for the individual. Investors, however, should be aware that withdrawal plan payments may entail a return of part of the capital at work.

Exchange Privilege: The exchange privilege enables a shareholder to transfer his investment from one fund to another within the same fund group as his needs or objectives change. For instance, an individual may have invested in a fund for growth of capital over the years, and, upon retirement, his objective becomes one of current investment income which is more suitably achieved by a fund stressing current income. Usually, exchanges are allowed at a fee that approximates the cost of the bookkeeping process of converting an account.

Liquidity: Open-end investment companies stand ready to redeem their shares at any time, providing the investor with a ready cash market for his shares. A shareholder can sell any or all of his shares at any time and does not have to look for a buyer. The fund itself will buy them back, usually at the net asset value at time of redemption, which may be lower, the same, or higher than his cost.

The investor has used the redemption privilege at varying rates over the years. As a percentage ratio, redemptions have ranged from a high of 17.5 percent of the industry's average net assets in 1979 to a low of 4.6 percent in 1957. In 1981 and 1982 the redemption ratios have been 12.2 and 11.5 percent respectively.

Custodian: The mutual fund's custodian bank, which is usually under contract to the fund, holds in custody and safekeeping the securities and other assets of the mutual fund. Also, the custodian often acts as the transfer and dividend disbursing agent. However, it plays no part in the management of the fund, nor in the underwriting function.

Taxes: Tax reporting is simplified for the mutual fund shareholder since almost all companies advise the shareholder of the federal tax status of all distributions—investment income or capital gains. This subject is more fully covered on page 8.

Single Purchase: When an investor buys shares in a mutual fund, his purchase represents a diversified list of securities, indicating his fractional holding in perhaps 50 or 100 or more corporations.

The convenience of a single certificate, embodying a stake in scores of companies, simplifies record keeping and accounting. Nowadays, an increasing number of funds will furnish the shareholder with a simple account statement in place of the formal certificate. This relieves shareholders of the problem and expense of safekeeping the valuable certificates.

Information: The mutual fund, in addition to filing periodic reports with the Securities and Exchange Commission, informs the shareholder regularly

on the operations of the fund and what is being done with his money. Complete information about investment operations is supplied to shareholders at least twice a year, and, for most companies, four times a year. These reports list the names and the amount of securities held by the fund. They also show in most cases the major changes in investment since the last report, and contain financial statements, among other details.

On the basis of recent trends, it is evident that investors have become increasingly aware of the variety of services available in mutual funds and are making more use of them in financial planning.

Types of Mutual Funds

Aggressive Growth

A mutual fund which seeks maximum capital appreciation through the use of investment techniques involving greater than ordinary risk, such as borrowing money in order to provide leverage, short selling, hedging, options and warrants.

Growth

A mutual fund whose primary investment objective is long-term growth of capital. It invests principally in common stocks with growth potential.

Growth And Income

A mutual fund whose aim is to provide for a degree of both income and long-term growth.

Balanced

A mutual fund which has an investment policy of "balancing" its portfolio, generally by including bonds, preferred stocks and common stocks.

Option/Income

The investment objective of these funds is to seek a high current return by investing primarily in dividend-paying common stocks on which call options are traded on national securities exchanges. Current return generally consists of dividends, premiums from expired call options, net short-term gains from sales of portfolio securities on exercises of options or otherwise, and any profits from closing purchase transactions.

Income

A mutual fund whose primary investment objective is current income rather than growth of capital. It usually invests in stocks and bonds that normally pay higher dividends and interest.

Corporate Bond

A mutual fund whose portfolio consists primarily of bonds. The emphasis of such funds is normally on income rather than growth.

Municipal Bond

A mutual fund which invests in a broad range of tax-exempt bonds issued by states, cities and other local governments. The interest obtained from these bonds is passed through to shareowners free of federal tax. The fund's primary objective is current tax-free income.

Short-Term Municipal Bond

These funds invest in municipal securities with relatively short maturities. They are also known as Tax-Exempt Money Market Funds.

Money Market

Also called a liquid asset or cash fund, it is a mutual fund whose primary objective is to make higher interest securities available to investors who want immediate income and high investment safety. This is accomplished through the purchase of high-yield money market instruments such as U.S. government securities, bank certificates of deposit and commercial paper.

Professional Management

Full-time professional management of investments is one of the basic characteristics of the mutual fund. The careful selection, diversification and continuous supervision of securities require a high degree of experience and judgment. Variations among investment companies in these factors and in investment objectives can be expected to yield different results.

The frequency and scope of changes in economic conditions affect investment values to an extent which few investors have the time or knowledge to evaluate effectively. Mangement of a securities portfolio calls for specialized skills, resources of information and facilities, and time to make reasoned investment decisions.

Surveys have shown that doctors, lawyers, engineers, educators and other professionally trained people in executive and administrative work recognize the need for professional management of their investments. Consequently, they constititute a significant percentage of all mutual fund shareholders.

Whether the professional services available to shareholders are provided by a separate investment advisory company or trustees under contract to the fund or by investment management staffs employed by the company itself, the pattern of operation is the same. It involves extensive economic and investment research aimed at developing data on which intelligent decisions regarding portfolio securities can be made.

The intense and constant search for the best of relative values is made necessary by the broadness and diversity of the marketplace. It is on the basis of such appraisals that investment decisions are made on behalf of mutual funds. For this professional management, individual shareholders pay a fee usually measured by a percentage of the total fund assets under management.

In all cases, the details of professional management services, advisory fees and investment objectives are outlined in the information which each mutual fund makes available in the prospectus and through periodic reports to shareholders.

Diversification: Diversification is a basic investment principle utilized by all types of mutual funds. Simply stated, it means that the professional managers of mutual funds combine the money of shareholders and invest it in many types of securities. It is a well-tested method of reducing the risk inherent in all investing.

Diversification may take a number of forms:

1. **By Issuer** — Mutual fund portfolios contain securities of a variety of issuers. Various state securities laws and regulations prescribe certain requirements for diversification by companies; the Investment Company Act of 1940 requires certain minimum diversification standards for a mutual fund to qualify as a diversified company; and the Internal Revenue Code requires a certain measure of diversification for a fund to qualify as a regulated investment company.

2. **By Industry** — Most equity mutual fund companies diversify their portfolios by including securities issued by companies in many different industries.

3. By Security Type — Some funds concentrate their activity in U.S. Treasury Bills and other short-term securities. Other mutual funds diversify by including different types of longer-term securities in their portfolios: bonds, preferred stock, common stock, etc. Balanced funds, for example, utilize this method of diversification.

4. By Timing Purchases and Sales — Mutual fund managements establish a range of price levels for purchases and sales as appropriate to conditions. Purchasing and selling over periods of time tend to diversify costs or sale prices.

Specialized Portfolios: Some mutual funds concentrate almost entirely on the so-called "blue-chip" common stocks, those issued by large and well-known corporations which are leaders within their respective fields and which have long records of satisfactory dividend payments and earnings, and responsible management.

Others may specialize in so-called "growth" company stocks, which, because of the nature of their products or services or financing or other reasons, are believed to offer opportunities for substantially increased income and profits in the future as the companies develop.

There are some common stock mutual funds which specialize in a particular industry or related industries, usually investing in the securities of many different firms in that industry or group of industries.

Security Selections: There are approximately 25,000 securities issues

Money Market Funds Asset Composition Year-End 1982
(Billions of Dollars)

U.S. Treasury Bills	$ 37.9
Other Treasury Securities	4.7
Other U.S. Securities	12.0
Repurchase Agreements	16.2
Commercial Bank CDs	35.5
Other Domestic CDs	5.3
Eurodollar CDs	23.8
Commercial Paper	50.3
Bankers' Acceptances	18.8
Cash Reserves	0.3
Other	1.8
Total Net Assets	$206.6
Average Maturity (Days)	37
Number Of Funds	281

Money Market Funds: While not insured, money market funds are relatively safe investments because of the diversification and quality of their portfolios. These portfolios mainly include short-term debt issues of private banks, business corporations, and securities of the U.S. Government.

Most of the issues in money market portfolios have broad and active markets and can be easily sold, if necessary. The maturities of these issues are short. Last year, for example, the combined portfolio of 281 such funds averaged only 37 days.

Short maturities limit the possibility of capital loss and generate a large daily volume of dollars from securities which are maturing. These dollars may be reinvested or used to meet redemptions.

Portfolio Composition of Equity, Bond, and Income Funds December 1982
(Billions of Dollars)

Common Stock	$47.7
Preferred Stock	1.6
Municipal Bonds (long term)	6.8
U.S. Gov't. Sec. (long term)	3.8
Corporate Bonds	10.8
U.S. Gov't. Sec. (short term)	1.3
Liquid Assets	4.7
Other	0.1
Total Net Assets	$76.8

available on the organized exchanges and in the over-the-counter markets of the nation, with an estimated value of about $2.8 trillion. It is from among these issues and values that mutual fund companies held assets totalling $76.8 billion in 1982.

Out of all these thousands of securities which are traded on the national exchanges and markets, an estimated 10,000 equity securities plus bond issues of more than 3,000 corporations are represented in mutual fund portfolios. Holdings of common and preferred stock by all types of funds amounted to $49.3 billion at the end of

DIVERSIFICATION OF MUTUAL FUND PORTFOLIOS
COMMON STOCK HOLDINGS BY INDUSTRIES
(In Millions of Dollars)

	Market Value 1972	Market Value 1977	Market Value 1982
Agricultural Equipment	$ 135.3	$ 95.3	$ 92.4
Aircraft Mfg. & Aerospace	438.1	421.8	388.2
Air Transport	878.1	364.9	553.6
Auto & Accessories (excl. Tires)	1,276.1	578.5	409.4
Building Materials & Equipment	982.1	448.4	312.5
Chemicals	1,683.0	1,170.8	924.5
Communications (TV, Radio, Motion Pictures)	950.1	446.9	483.8
Computer Services*	N/A	N/A	222.4
Conglomerates	N/A	N/A	365.3
Containers	162.2	66.6	96.3
Drugs & Cosmetics	2,248.4	1,244.8	1,718.8
Elec. Equip. & Electronics (excl. TV & Radio)	2,093.2	862.7	2,192.6
Foods and Beverages	1,128.2	697.5	632.8
Financial (incl. Banks & Insurance)	2,937.5	1,704.4	1,804.3
Hospital Supplies & Services	N/A	N/A	326.3
Machinery	493.7	297.7	202.0
Metals & Mining	693.1	446.0	212.5
Office Equipment	2,711.2	1,605.9	1,378.1
Oil	3,097.1	2,758.3	1,305.0
Paper	567.5	449.2	432.0
Printing & Publishing	N/A	N/A	250.4
Public Utilities (incl. Telephone & Natural Gas)	1,783.2	1,457.0	1,645.2
Railroads & Railroad Equipment	928.2	328.6	179.2
Retail Trade	1,698.2	589.2	1,464.9
Rubber (incl. Tires)	420.0	128.5	176.8
Steel	327.9	259.5	165.3
Textiles	229.2	93.8	120.4
Tobacco	674.9	423.6	353.1
Miscellaneous	2,996.0	1,597.0	1,145.5
Totals	**$31,532.5**	**$18,536.9**	**$19,553.6**

NOTE: Composite industry investments drawn from the portfolios of 40 of the largest investment companies as of the end of calendar year 1982 whose total net assets represented 44.8% of total net assets of all reporting equity companies.

*Includes computer software, consultants, and time sharing.

1982. Corporate and long-term municipal bonds were valued at $17.6 billion.

Equity Mutual Funds: Portfolio transactions conducted by equity funds are by no means confined to any single securities market; orders to buy or sell may be executed on all organized exchanges and in the over-the-counter market. Where an order is executed depends solely upon where an issue or issues may be bought or sold on the most favorable basis in the judgment of the management.

The basic element underlying all professional management activities in the

DIVERSIFICATION OF MUTUAL FUND PORTFOLIOS PERCENT OF TOTAL COMMON STOCK BY INDUSTRIES

	1972	1977	1982
Agricultural Equipment	0.43%	0.51%	0.47%
Aircraft Mfg. & Aerospace	1.39	2.28	1.99
Air Transport	2.78	1.97	2.83
Auto & Accessories (excl. Tires)	4.05	3.12	2.09
Building Materials & Equipment	3.11	2.42	1.60
Chemicals	5.34	6.32	4.73
Communications (TV, Radio, Motion Pictures)	1.04	1.40	2.47
Computer Services*	N/A	N/A	1.14
Conglomerates	N/A	N/A	1.89
Containers	0.51	0.36	0.49
Drugs & Cosmetics	7.13	6.72	8.79
Elec. Equip. & Electronics (excl. TV & Radio)	6.64	4.65	11.20
Foods and Beverages	3.58	3.76	3.24
Financial (incl. Banks & Insurance)	9.32	9.19	9.23
Hospital Supplies & Services	N/A	N/A	1.67
Machinery	1.57	1.61	1.03
Metals & Mining	2.20	2.41	1.09
Office Equipment	8.60	8.66	7.05
Oil	9.82	14.87	6.67
Paper	1.80	2.42	2.21
Printing & Publishing	N/A	N/A	1.28
Public Utilities (incl. Telephone & Natural Gas)	5.65	7.86	8.40
Railroads & Railroad Equipment	2.94	1.77	0.92
Retail Trade	5.39	3.18	7.49
Rubber (incl. Tires)	1.33	0.69	0.90
Steel	3.01	2.41	0.84
Textiles	0.73	0.51	0.62
Tobacco	2.14	2.29	1.81
Miscellaneous	9.50	8.62	5.86
Totals	**100.00%**	**100.00%**	**100.00%**

NOTE: Composite industry investments drawn from the portfolios of 40 of the largest investment companies as of the end of calendar year 1982 whose total net assets represented 44.8% of total net assets of all reporting equity companies.

*Includes computer software, consultants, and time sharing.

supervision of investments is the continuing correlation between portfolio composition and the long-term objectives of the mutual fund and its shareholders.

In the investment research process, experienced analysts conduct a constant appraisal of portfolio securities in terms of three distinct factors. These are: 1) general economic conditions; 2) the outlook for various industries; and 3) the prospects of individual companies, which are analyzed in terms of management, policies, sales and earnings records, competitive position and other factors.

Application of the basic investment principle of diversification by equity funds can affect the relative position of the various industries represented in the portfolios. These positions are bound to vary from year to year. As the tables on pages 18 and 19 show, the three largest positions of the 40 largest equity mutual funds in 1982 were in electrical equipment and electronics, financial institutions, and drugs and cosmetics. As might be expected, the ranking of various industries and the size of their share in fund portfolios changes through time. These variations reflect the changing views of portfolio managers regarding the attractiveness of the securities of firms in different industry groups.

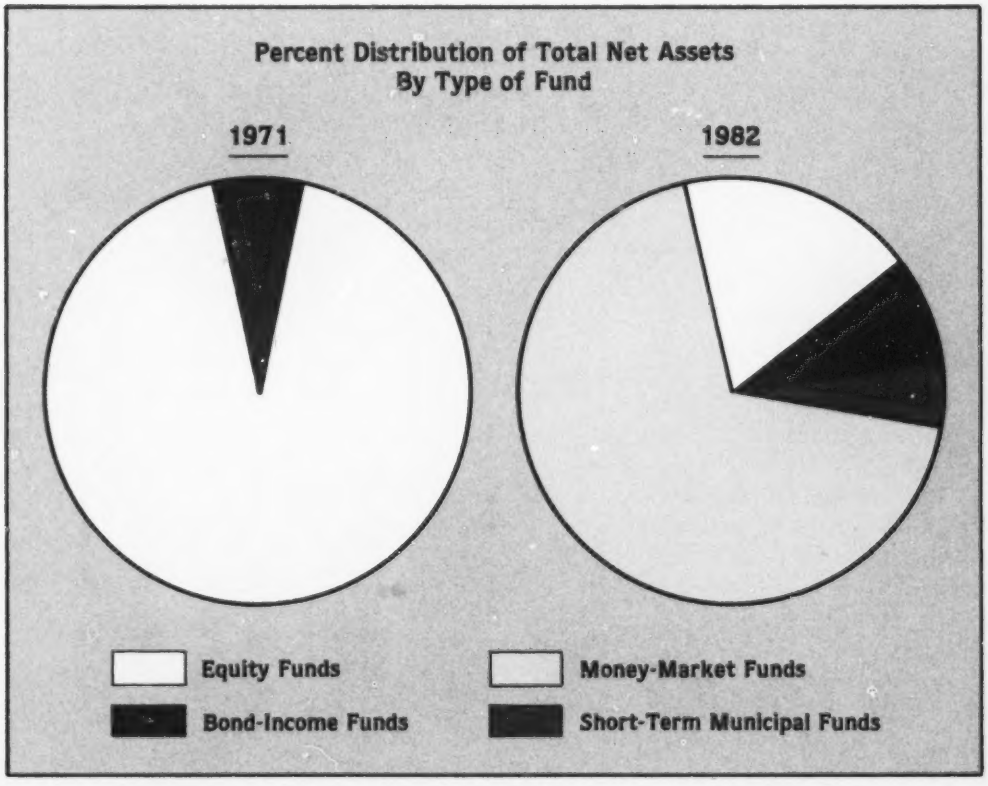
Growth and Development

The mutual fund industry is now a diversified financial business willing and able to respond to a diverse set of investor needs. It was not always thus. Ten years ago, almost 94 percent of all mutual fund assets were associated with equity mutual funds. Today, this percentage is only 17 percent.

During the period between the early 1970s and the early 1980s, the mutual fund business experienced enormous change. This is evident in the growth in the number and variety of funds mentioned earlier, as well as in the accompanying chart.

The mutual fund industry's historic concentration in equities paid off in the form of extraordinary growth in sales and assets during the decade of the 1950s and 1960s, a period when stock prices rose sharply with only short and moderate interruptions. Between 1968 and 1974, however, a volatile stock market, rising interest rates on alternative investments, inflation and other economic and financial uncertainties heightened investors concern about the risks associated with equities and dimmed perceptions of their potential return.

These changes caused investors to



temporarily back away from stocks and equity mutual funds. At the same time, investor emphasis on yield and relative safety moved them in the direction of income products.

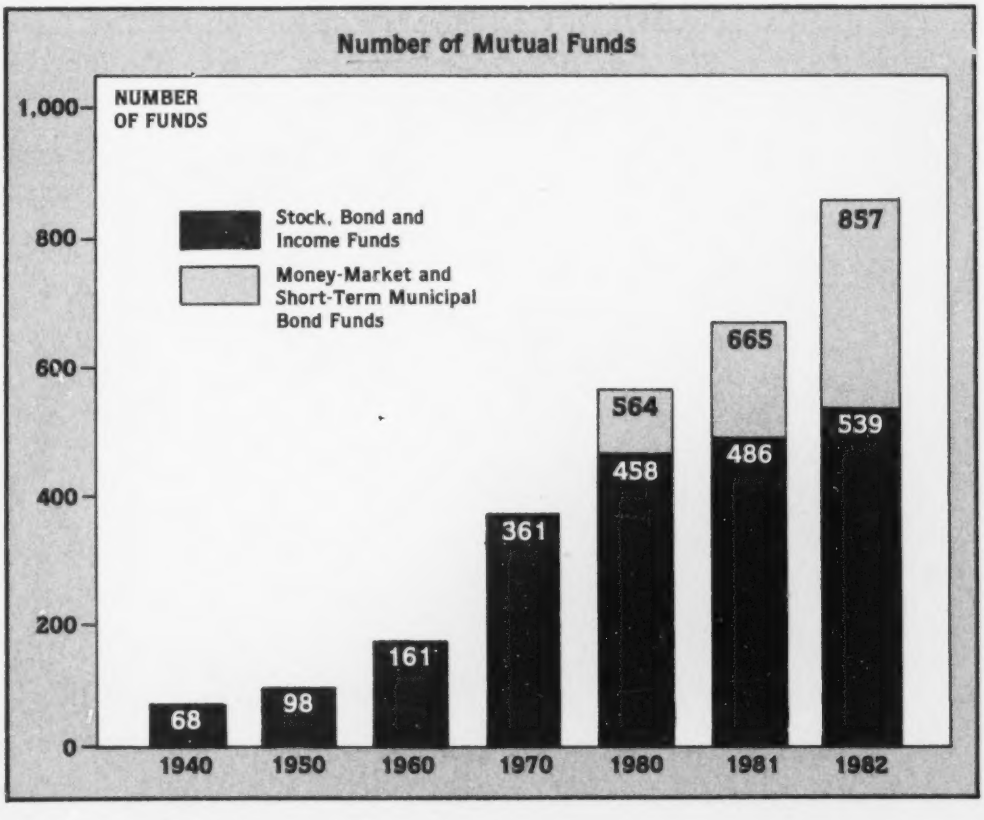
It was clear that the mutual fund industry should not remain a one-product business (equities) when investor demand for that product was in a state of decline. Consequently, the industry embarked on a marketing strategy to broaden its product line and encourage use of the exchange feature. To this end, it introduced money market funds, municipal bond funds, and new versions of standard stock and bond funds. In the process, it took on a new image: A diversified financial business capable of providing a variety of benefits to both individuals and institutions.

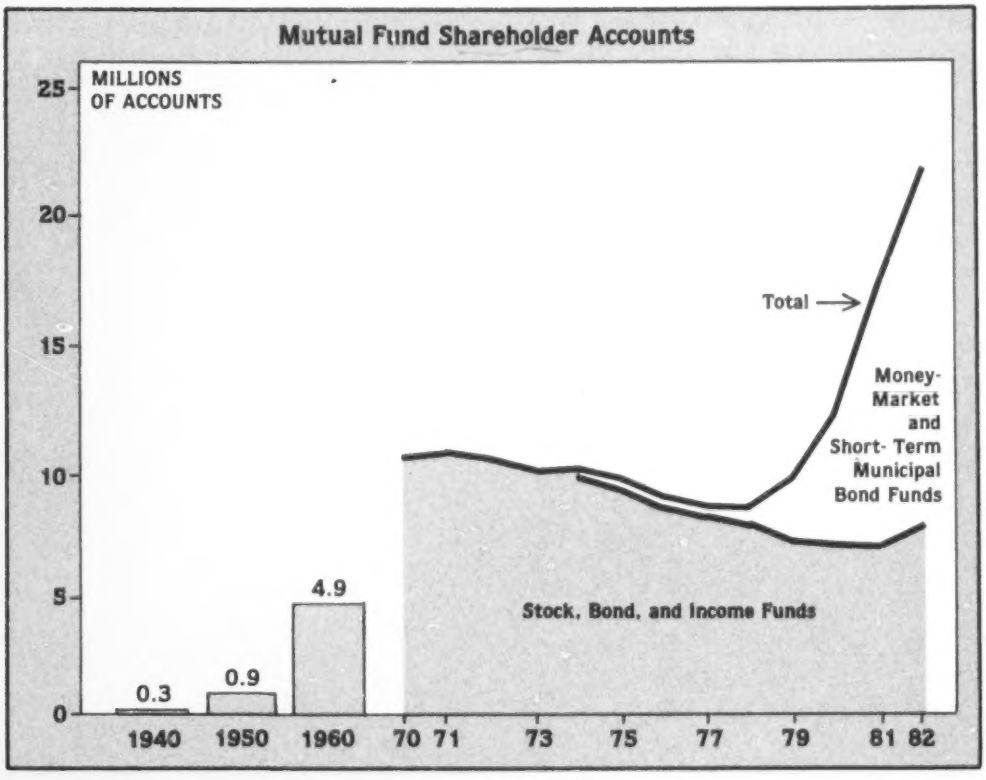
While the transformation of the fund industry was several years in the making, the cumulative impact of the elements within the marketing strategy have come together within recent years. As may be seen in the accompanying table, sales of money market funds and short-term municipal bond funds have sky-rocketed since 1979.

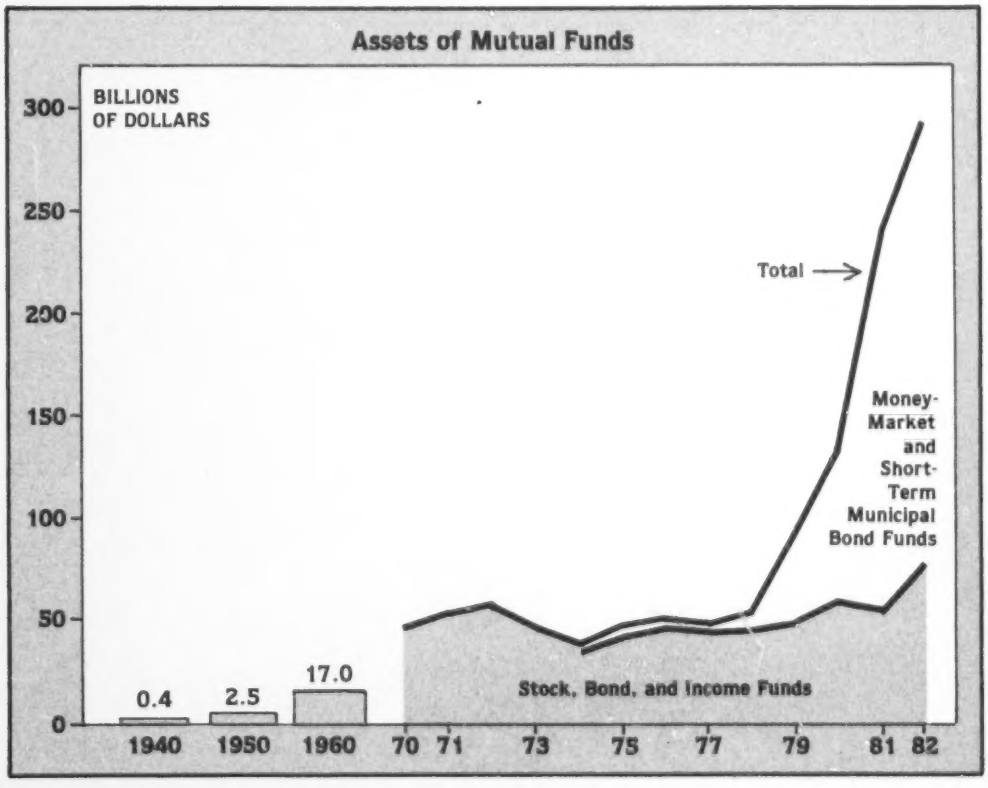
Sales of equity and bond funds, have likewise risen sharply since 1979, in part due to investors belated recognition of the fine performance of stock funds. In the past three years, moreover, sales have exceeded redemptions, after a long spell in which net redemptions prevailed.

With sales rising much more rapidly than redemptions, money market assets rose from less than $2.0 billion at the end of 1974 to $206.6 billion at the end of 1982. Assets of stock and bond funds also rose over this period from $34.1 billion to $76.8 billion. At the end of 1982, the combined assets of all mutual funds totalled $283.4 billion, with total accounts of about 21.4 million (see charts).

In a relatively short period of time,




Mutual Fund Shareholder Accounts
MILLIONS
OF ACCOUNTS
25
20
15
10
5
0
Total
Money-
Market
and
Short- Term
Municipal
Bond Funds
Stock, Bond, and Income Funds
0.3
0.9
4.9
1940
1950
1960
70
71
73
75
77
79
81
82


Assets of Mutual Funds
BILLIONS
OF DOLLARS
300
250
200
150
100
50
0
Total
Money-
Market
and
Short-
Term
Municipal
Bond Funds
Stock, Bond, and Income Funds
0.4
2.5
17.0
1940
1950
1960
70
71
73
75
77
79
81
82

mutual funds have become the nation's fourth largest type of financial institution. Only commercial banks, savings and loan associations, and insurance companies, are larger in asset size.

Sales, Redemptions and Assets
Equity, Bond, and Income Funds
(Billions of Dollars)

Year	Sales	Redemptions	Net Sales	Assets
1971	$ 5.1	$4.8	$ 0.3	$55.0
1972	4.9	6.6	(1.7)	59.8
1973	4.4	5.7	(1.3)	46.5
1974	3.1	3.4	(0.3)	34.1
1975	3.3	3.7	(0.4)	42.2
1976	4.4	6.8	(2.4)	47.6
1977	6.4	6.0	0.4	45.0
1978	6.7	7.2	(0.5)	45.0
1979	6.8	8.0	(1.2)	49.0
1980	10.0	8.2	1.8	58.4
1981	9.7	7.5	2.2	55.2
1982	15.7	7.8	7.9	76.8

Money Market Mutual Funds
(Billions of Dollars)

Year	Sales	Redemptions	Net Sales	Assets
1974	$ 2.2	$ 0.5	$ 1.7	$ 1.7
1975	6.7	5.9	0.8	3.7
1976	9.4	9.6	(0.2)	3.7
1977	10.7	10.7	0.0	3.9
1978	30.5	24.3	6.2	10.9
1979	111.8	78.4	33.4	45.2
1980	232.2	204.1	28.1	74.4
1981	451.9	346.7	105.2	181.9
1982	580.8	559.6	21.2	206.6

Short Term Municipal Bond Funds
(Billions of Dollars)

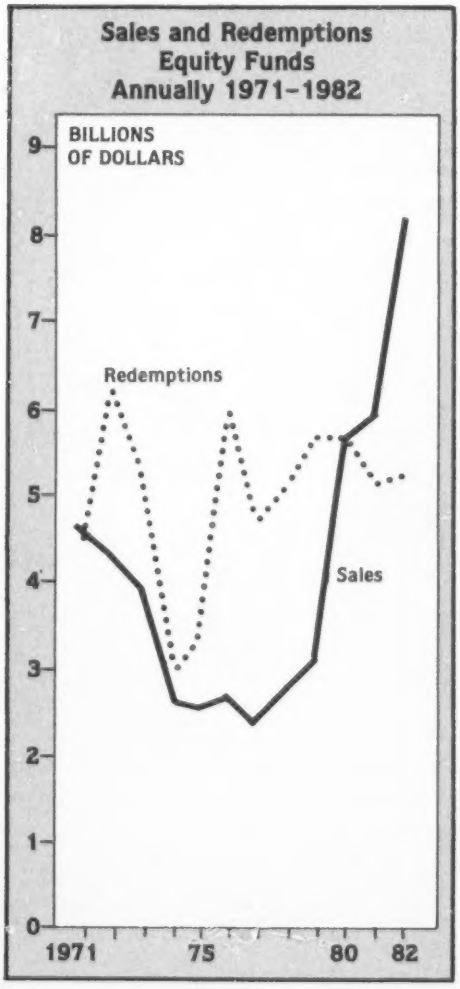
Year	Sales	Redemptions	Net Sales	Assets
1979	$ 0.6	$ 0.4	$0.2	$ 0.3
1980	5.3	3.8	1.5	1.9
1981	10.5	8.3	2.2	4.2
1982	29.4	22.2	7.5	13.2

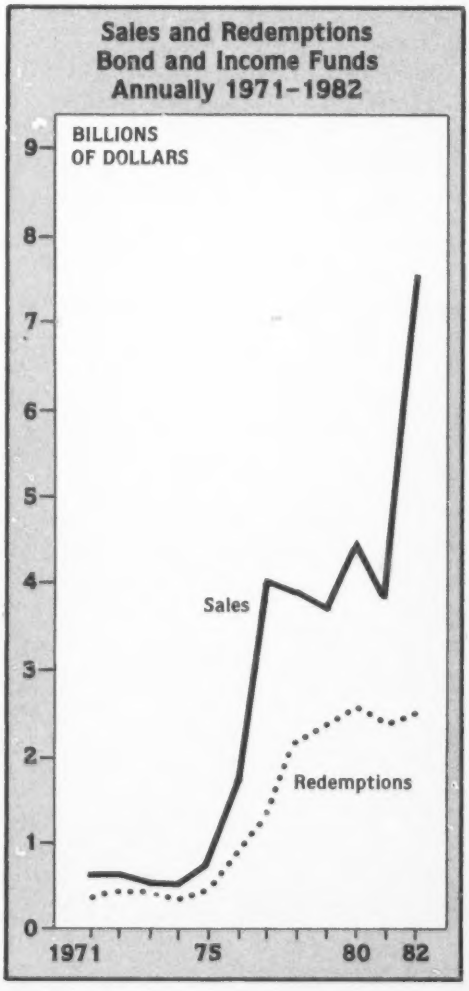
Recent Trends in Activity: Stock, Bond and Income Funds

Sales of equity, bond and income funds in 1982 were by far the largest ever reached. At $15.7 billion sales of these funds were 50 percent higher than the previous record set in 1980.

In 1982, sales of equity and balanced funds reached $8.2 billion. This level of sales was the highest ever recorded for these funds and more than three times the total reached at the low of 1977. Sales of all types of funds in this category increased last year.

The dollar value of redemptions of equity and balanced funds rose very modestly in 1982. Consequently, sales of these funds exceeded redemptions



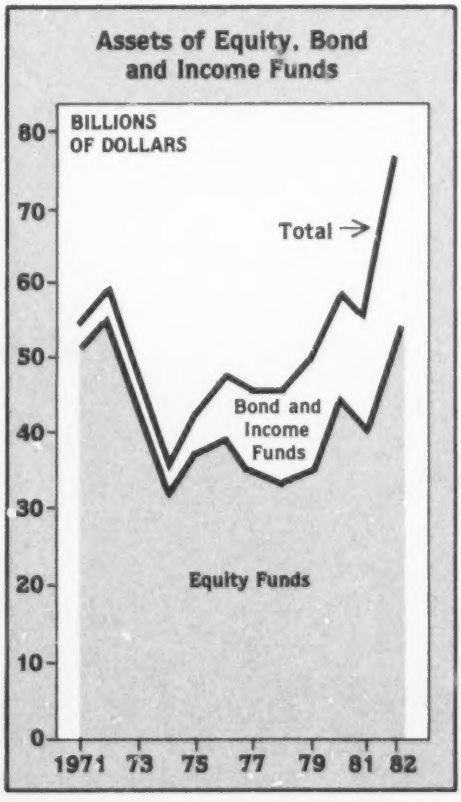


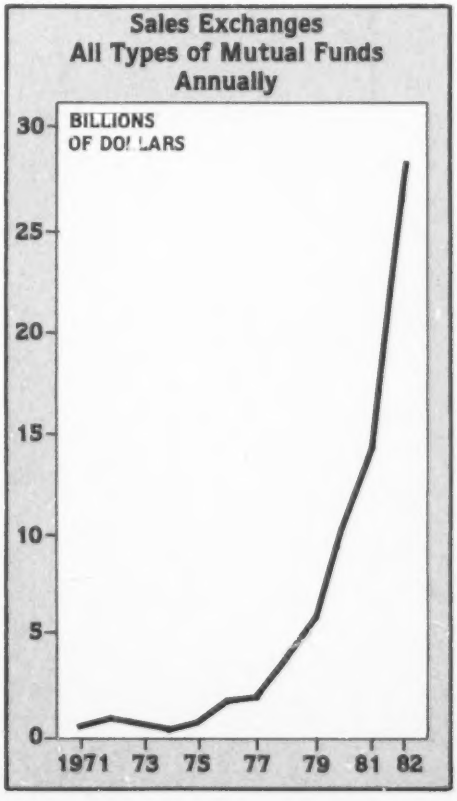
Percent of Equity Funds
Sales and Redemptions Annually

	Sales		Redemptions	
	1976	1982	1976	1982
Aggressive Growth	10.50%	30.56%	7.03%	19.84%
Growth	42.63	35.21	38.86	38.42
Growth & Income	40.06	32.71	44.63	35.58
Balanced	6.81	2.06	9.48	6.16
Total	100.00%	100.00%	100.00%	100.00%

Percent of Bond and Income Funds
Sales and Redemptions Annually

	Sales		Redemptions	
	1976	1982	1976	1982
Income	27.29%	13.93%	61.47%	27.58%
Bond	44.31	35.05	35.54	39.03
Municipal Bond	28.40	46.31	2.99	29.32
Option/Income	0.00	4.71	0.00	4.07
Total	100.00%	100.00%	100.00%	100.00%





by $3.0 billion last year, topping the record net sales set for these funds in 1969.

The excellent investment performance of aggressive growth, growth, and growth and income funds since 1975 is undoubtedly a key factor in the upswing in sales of each of these three types of mutual funds. Sales of aggressive growth funds, however, have outpaced the rest of the pack. As a result, their share of total equity

MUTUAL FUND ASSETS
(Billions of Dollars)

INVESTMENT OBJECTIVE	YEAR-END 1981	1982	Percent Change
Aggressive Growth	$ 5.0	$ 9.6	+ 92.0%
Growth	15.2	19.0	+ 25.0
Growth-&-Income	18.2	22.0	+ 20.9
Balanced	2.8	3.0	+ 7.1
Income	4.5	5.9	+ 31.1
Bond	5.9	9.1	+ 54.2
Municipal Bond	3.1	7.4	+138.7
Option/Income	0.6	0.8	+ 33.3
Total	**$ 55.3**	**$ 76.8**	**+ 38.9%**
Money Market	$181.9	$206.6	+ 13.6%
Short-Term Municipal Bond	4.2	13.2	+214.3
Total	**$186.1**	**$219.8**	**+ 18.1%**
Grand Total	**$241.4**	**$296.6**	**+ 22.9%**

MUTUAL FUND SALES
CLASSIFIED BY INVESTMENT OBJECTIVE
(Millions of Dollars)

INVESTMENT OBJECTIVE	1981	1982	Percent Change
Aggressive Growth	$ 1,525.8	$ 2,508.8	+ 64.4%
Growth	2,163.7	2,890.7	+ 33.6
Growth-&-Income	2,060.5	2,640.3	+ 28.2
Balanced	167.6	169.5	+ 1.3
Income	659.6	1,049.0	+ 59.0
Bond	1,453.2	2,639.2	+ 81.6
Municipal Bond	1,547.1	3,486.6	+125.3
Option/Income	132.9	354.2	+166.5
Total Long-Term	**$ 9,710.4**	**$ 15,738.3**	**+ 62.1%**
Money Market	$451,889.5	$581,730.8	+ 28.5
Short-Term Municipal Bond	10,533.1	29,443.9	+179.5
Total Short-Term	**$462,422.6**	**$611,174.7**	+ 32.0%

Mutual Fund Exchange Activity
By Investment Objective
1982
(Millions of Dollars)

Investment Objective	Sales	Redemptions	Net Sales
Aggressive Growth	$ 1,775.1	$ 1,604.2	$ 170.9
Growth	1,552.6	1,621.3	(68.7)
Growth-&-Income	4,934.5	5,312.0	(377.5)
Balanced	7.3	67.7	(60.4)
Income	347.3	339.5	7.8
Bond	875.9	663.5	212.4
Municipal Bond	1,582.4	1,067.1	515.3
Option/Income	19.1	13.0	6.1
Limited Maturity	1,044.0	554.6	489.4
Money Market	16,110.2	16,612.6	(502.4)

sales has increased from 10.5 percent in 1976 to over 30 percent in 1982. Over this same period, assets and redemptions of aggressive growth funds have likewise become relatively more important.

During 1982, renewed confidence in the corporate bond market and increased demand for municipal bonds contributed to record sales levels for the bond and income funds. Their total sales last year reached $7.5 billion with all types of funds in the group posting increases. The sharp gain in sales for these funds last year mirrors the increase in 1976 and 1977 when municipal bond funds and new corporate bond funds made their appearance in the market place.

The increased importance of municipal bond funds is evident in share-of-sales statistics. In 1982 these funds accounted for nearly half of the sales of all bond and income funds. In 1976 the comparable share was 28 percent.

The increase in sales of all bond and income funds in 1982 resulted in net sales for these funds last year of $5.1 billion. Moreover, sales of this broad group of funds has continuously been greater than redemptions, a marked reversal of the sales-redemption experience of equity and balanced funds.

The growth of the bond and income funds over the last several years is reflected in the accompanying chart on assets. The assets of these funds now amount to $23.2 billion, 30.2 percent of the $76.8 billion of the combined assets of stock, bond, and income funds. In the early Seventies they represented only 6 percent of the total assets of this group of funds. While the total assets of equity funds have declined in a relative sense, they have risen in absolute value from their low of $30.9 billion in 1974 to $53.6 billion at the end of 1982. This growth is due to positive investment performance coupled with the positive net sales of recent years.

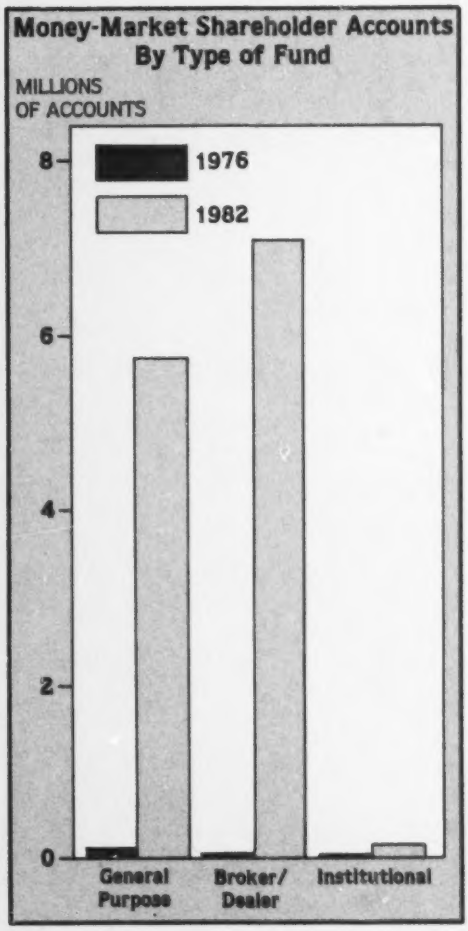
The addition of municipal bond funds, money market funds, and other types of funds has broadened the industry's product-line and increased the investors range of choice. At the same time, highly volatile financial markets have encouraged investors to be flexible in the handling of their personal portfolios. Together, these two developments have produced an enormous increase in exchange activity.

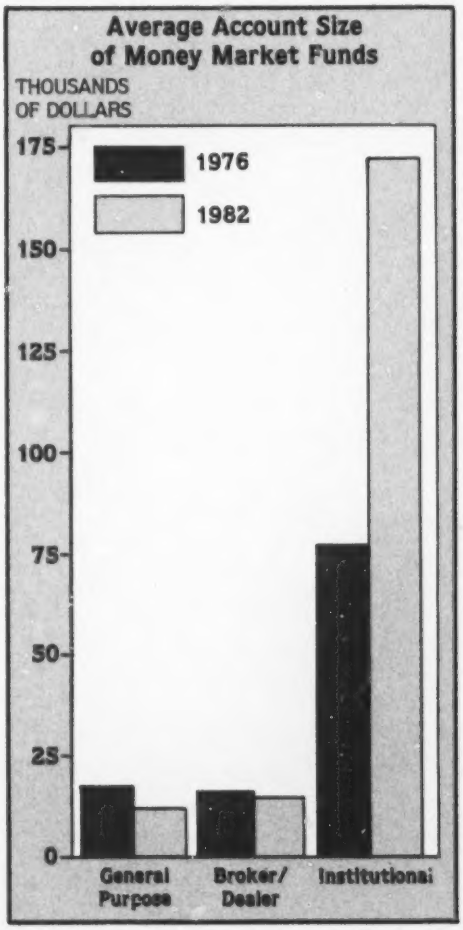
In 1982 for example, exchanges into all types of funds (sales exchanges) totalled $28 billion, twice the 1981 level. As shown in the accompanying chart, total exchanges remained below $1.0 billion until 1976 when they reached $1.5 billion. Since that date, exchanges have risen at a phenomenal rate. This activity, however, is not spread evenly over all fund products. Rather, exchange activity is concentrated in the equity and money market funds.

Recent Trends in Activity: Money Market and Short-Term Municipal Bond Funds

During 1982, money market assets continued to grow, but at a lesser rate than in 1981. The slower growth rate in 1982 was primarily due to declining interest rates as the year progressed and increased attractiveness of the stock and bond markets. In addition, in mid-December deposit institutions began offering a new deposit account on which the institutions could pay whatever rate of interest they chose. An introductory period of extraordinarily high interest rates undoubtedly lured some dollars from the money market funds.

Since their inception in 1974, money market fund assets grew to $232.6 billion by December 1, 1982, and closed the year at $206.6 billion. The unprecedented growth in these funds in





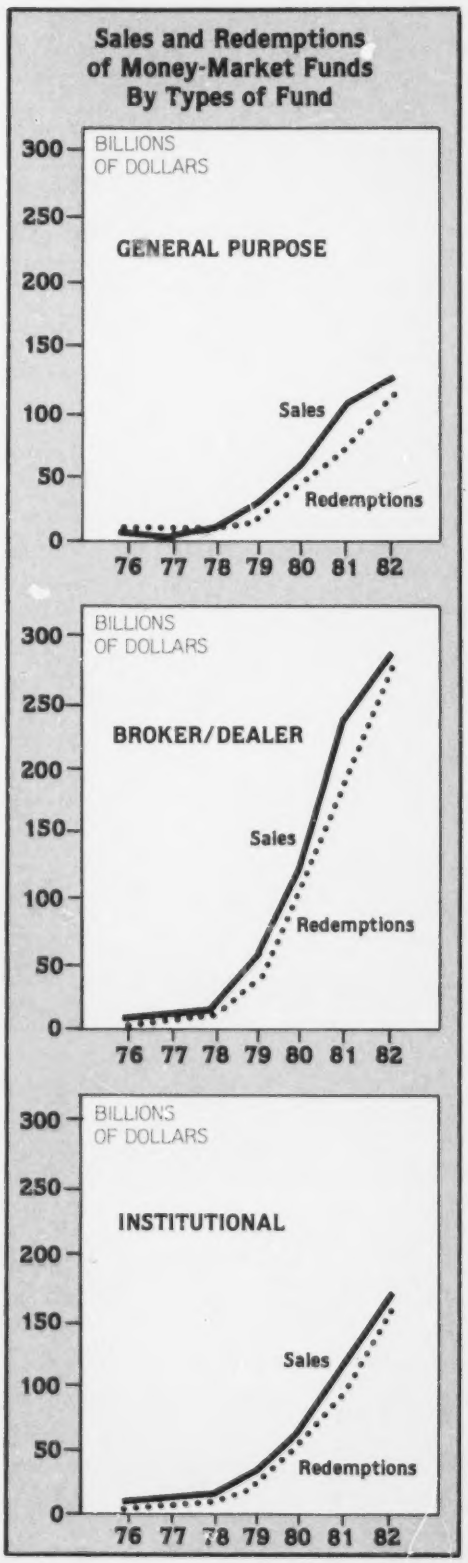
recent years occurred during a period of inflation and economic uncertainty. Money market funds provided investors with high yields, liquidity, and relative safety.

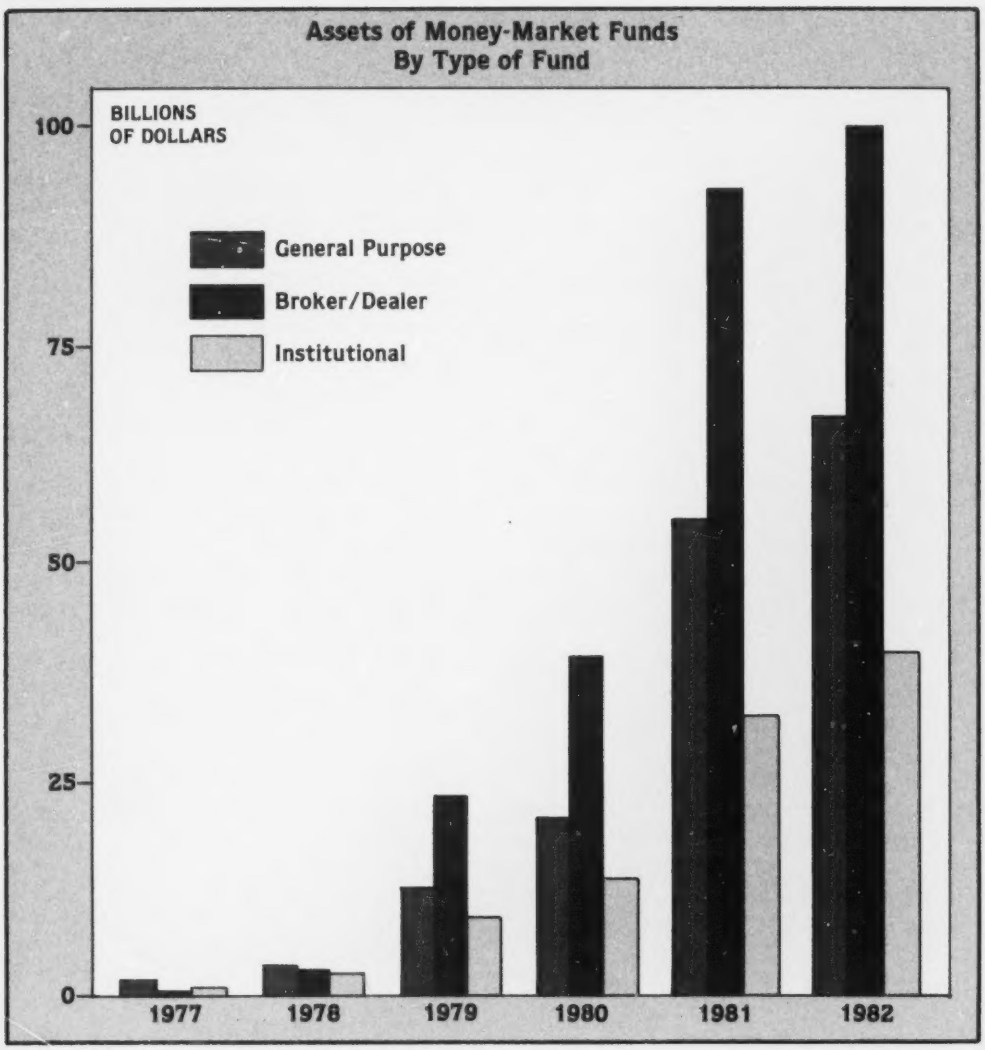
These product features, moreover, were offered to a wide range of potential investors—from the person with limited amounts to save to institutions that have the ability to invest huge sums. One of the main contributions of money market funds is that they have allowed the so-called "little guy"—individuals and small businesses—to obtain a high competitive return, something that was formerly limited to the affluent.

Public interest in this particular fund product continued at a high level in 1982. Sales for these funds reached $580.8 billion last year, 28.5 percent greater than their level in 1981. Redemptions rose at twice that rate, however, as the asset base grew and fund yields retreated from their extraordinary levels of 1981. To analyze these flows it is helpful to classify money market funds into the three groups shown in the accompanying chart. General purpose funds include a varying mix of individual-institutional clients. The stockbroker funds are managed by brokerage firms and their shareholders are primarily individuals. Institutional funds concentrate exclusively on institutional business with banks, businesses, and the like.

Increased levels of sales-redemption activity in recent years occurred in all three types of money market funds. The broker-dealer funds experienced the greatest rate of gain. In 1978, for example, they accounted for less than a third of total money market fund sales. By 1982, they were responsible for almost half of total sales. The general purpose funds and the institutional only funds grew at a somewhat lesser rate, but their sales in 1982 were still 14 times the 1978 levels.

Total shareholder accounts in these funds rose at equally astounding





rates. At the end of 1982, shareholder accounts totalled 13.1 million, nearly 75 times the 1976 level. Again, the broker-dealer funds experienced the greatest increase, in absolute as well as relative terms.

By the end of 1982, broker-dealer funds accounted for over half of all accounts while the general purpose funds, which had held over 80 percent of all accounts six years ago, represented 44 percent.

Over the last six years the average account size in the general purpose funds fell slightly, suggesting a greater inflow of shareholders with smaller amounts to invest. The average size account invested in the broker-dealer funds remained fairly constant, but the institutional funds average account size had increased substantially.

As noted earlier, yield is obviously a key factor in attracting investors to money market funds. Assets began to increase in late 1977 when yields exceeded 5 percent. When they passed the 6 percent barrier (in early 1978), assets grew more rapidly. Since then, the acceleration in yields to double digit highs has been matched by further gains in net assets. Money market funds ended 1981 at an asset level nearly 17 times their 1978 year-end

level. Assets continued to grow throughout most of 1982, although at a slower rate. This reflected the general decline in yields on short-term instruments, improvements in stock and bond prices, and the introduction of the new deposit account in mid-December.

Stockbroker-oriented funds have become the largest single segment of the money market industry. These funds now account for almost half of total net assets. Some of this asset growth undoubtedly reflected the decisions of brokerage clients to guard against unforeseen contingencies by switching out of securities and funds into high-yielding safe assets. As the financial environment became more favorable, some of these dollars will move back into stocks, bonds, or other types of mutual funds.

In general, money market shareholders in all types of funds regard their shares as savings. This is evident from the limited use of checks by shareholders, as well as their stated reasons for acquiring funds. According to an Institute survey, for example, over one-half of individual owners said they regarded money market funds as part of their longer-term savings program. About one-fifth said they used them to obtain income and liquidity while awaiting improvements in stock or bond markets. The remaining one-fourth said funds were a way to earn income for short periods when a temporary surplus of cash was available.

Short-term municipal bond funds have been available for the last four years. They enjoyed tremendous growth in 1982 because they combine many of the features of money market funds with the added advantage of tax-free income. This tax advantage makes them particularly attractive to investors in higher income tax brackets.

During 1982, they grew to a total net asset level of $13.2 billion, more than 3 times their 1981 level. Total sales of these funds nearly tripled in 1982 to $29.4 billion while redemptions reached $22.2 billion.

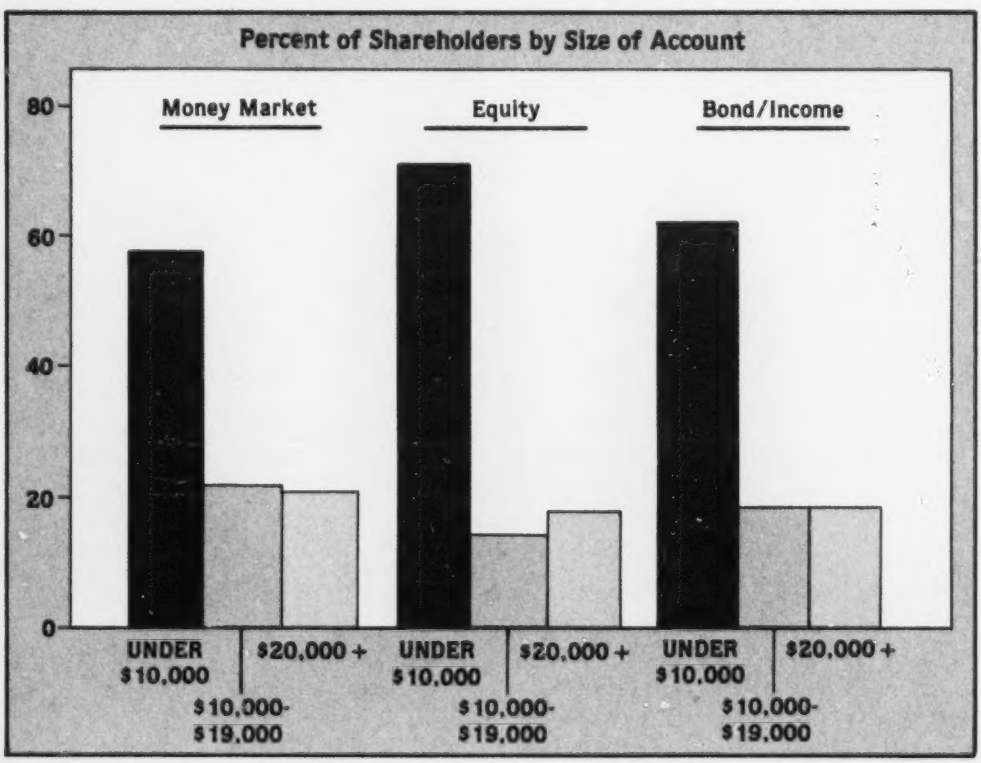
The tremendous increase in activity levels of these funds indicates that they have become a welcome addition to the industry's product line.

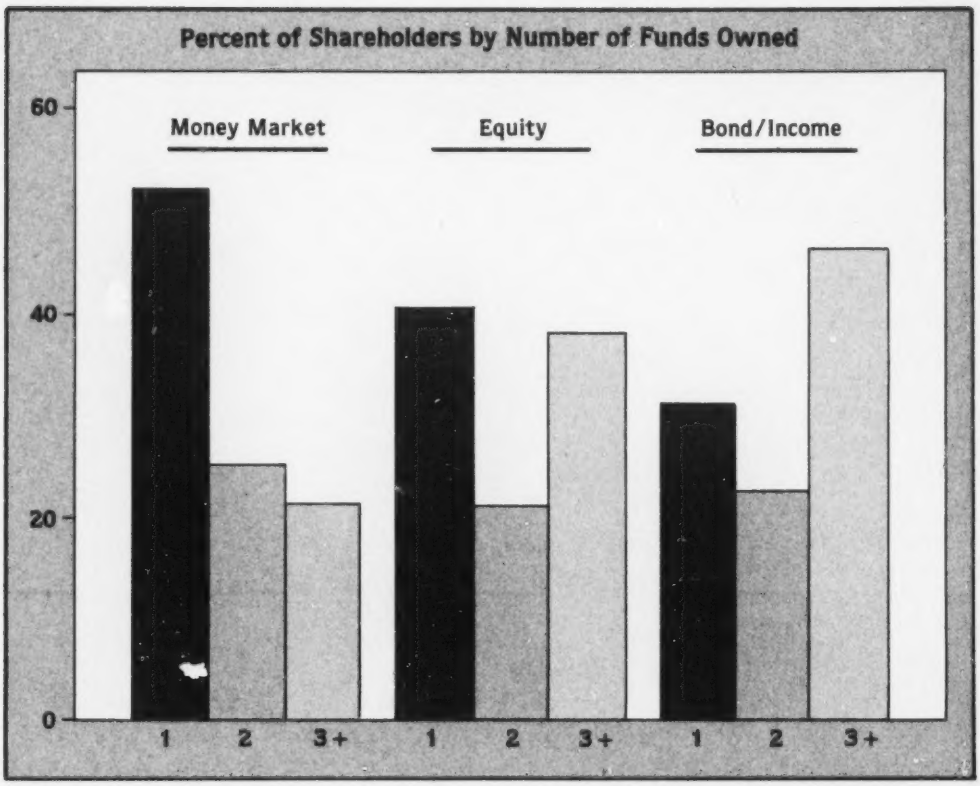
Shareholder Survey

At the beginning of 1982, about ten million households were using mutual funds as integral parts of their investment plans. These shareholders have income and investment characteristics which make them important members of the community of investors. Their patterns of investment activity are important considerations which the shareholder survey seeks to describe in detail. The charts and tables on these pages show some of the investment characteristics of individual shareholders divided into major fund groups.

Account Size: For all three types of funds, the majority of accounts were below $10,000. Money market fund shareholders appeared to have the largest accounts of the three: about 42 percent were at least $10,000, and 20 percent were $20,000 or more. Income fund accounts were a close second in size: over 37 percent exceeded $10,000 and 19 percent were $20,000 or above. Equity funds tended to be the smallest accounts of the three with about 32 percent in the $10,000 plus category.

Purpose of Investment: Over 53 percent of money market fund shareholders gave general savings program as their investment purpose. Future retirement was a distant second, at





17 percent. In contrast, shareholders in other funds rated retirement concerns about equal with general savings. A sizable share, 16 percent overall of equity, bond, and income fund shareholders, regarded current income as being very important.

Source of Investment Funds: Salaries and bonuses were the most frequently-cited sources for recent investment dollars. About 34 percent of money market fund shareholders and 30 percent of other fund owners used take-home pay to fund their purchases. Savings accounts withdrawals were the second most favored source, being mentioned by 20 percent overall. Less than 5 percent used sales of other mutual funds to make their most recent purchases.

Number of Funds Owned: Nearly half of all money market fund shareholders owned shares in more than one mutual fund. The likelihood of multi-fund ownership increased to 60 percent for equity fund shareholders and nearly 70 percent for investors in income funds.

Value of Combined Fund Holdings: About 60 percent of all shareholders had less than $20,000 committed to mutual funds of all types. Shareholders in municipal bond funds tended to have the most money in funds. Sixty percent have more than $20,000 compared to 40 percent for the industry as a whole.

CHARACTERISTICS OF THE MUTUAL FUND INVESTMENTS OF INDIVIDUAL SHAREHOLDERS BY TYPE OF FUND

(Percent Distribution of Shareholders)

Account Size	Money Market	Aggressive Growth Growth Growth-And-Income	Income Bond Long-Term Municipal
Under $5,000	32.4%	50.3%	43.9%
$ 5,000- 9,999	24.7	17.5	18.9
$10,000-19,999	21.6	13.7	18.6
$20,000-49,999	13.9	13.9	13.2
$50,000 or over	6.4	4.6	5.4
Purpose of Investment			
Future Retirement	17.1%	39.1%	30.7%
Current Retirement	8.1	14.0	19.8
Future Income	8.1	14.0	19.8
Future Education	5.9	6.7	4.5
General Savings	53.2	35.9	39.3
Other	15.7	4.3	5.7
Source of Dollars for Most Current Investment			
Salary	34.0%	32.0%	27.3%
Savings	23.6	22.2	19.5
Gift or Inheritance	5.1	8.7	7.3
Sale of Securities or Mutual Funds	8.5	5.8	12.5
Other	28.8	31.3	33.4
Number of Funds Owned			
1	52.3%	40.2%	31.3%
2	25.8	21.7	22.2
3-5	18.8	28.7	35.4
6 or more	3.1	9.4	11.0
Total Amount of all Mutual Fund Holdings			
Under $5,000	21.5%	29.6%	19.9%
$ 5,000- 9,999	20.5	14.6	14.2
$10,000-19,999	22.0	15.2	16.9
$20,000-29,999	12.0	13.4	13.3
$30,000-49,999	9.5	10.8	13.4
$50,000 or more	14.5	16.4	22.3

Selling Mutual Funds

How Funds Are Sold

Unlike most securities and the shares of closed-end investment companies which are bought and sold on national exchanges and in the over-the-counter market, the shares of mutual funds may be acquired by the investor in several different ways.

A key organization in the distribution of mutual fund shares is the underwriter. Through a contract arrangement with the mutual fund offering shares, the underwriter has exclusive distribution rights, usually on a national basis.

Dealer to Investor: The underwriter carries on a wholesale function in mutual fund distribution. Representatives of the underwriter distribute to retailers—securities dealers and brokers. The underwriters support the retail selling effort through various sales promotions and personal contact. The dealer, in turn, deals directly with the public—the potential purchasers of mutual fund shares.

Most retail firms distributing mutual fund shares are members of the National Association of Securities Dealers. This organization provides self-policing of its member firms in the distribution of mutual fund shares, as well as in other over-the-counter securities transactions.

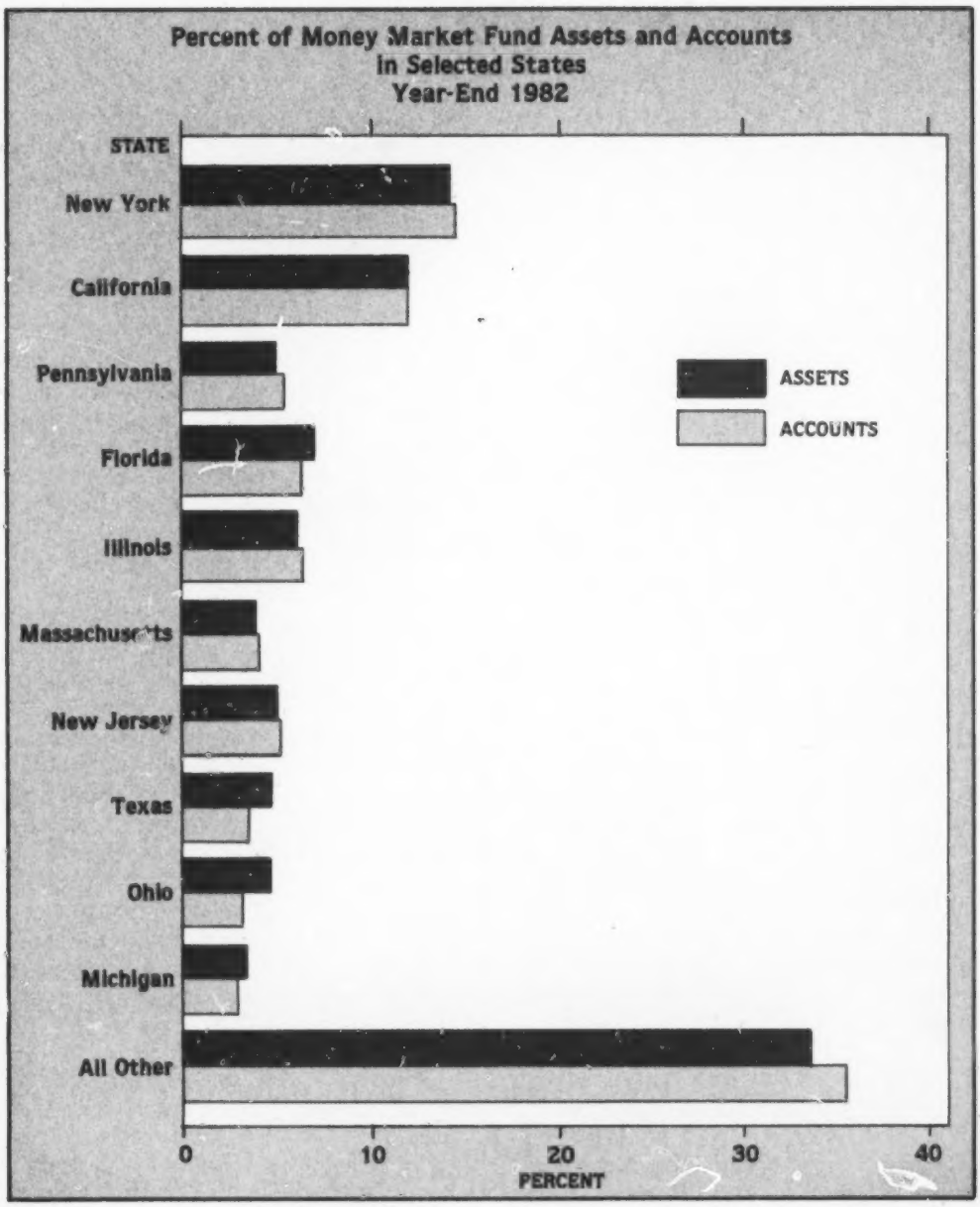
To a growing extent, retail distribution is taking on the aspects of financial planning. The basic product is being made more and more adaptable to the individual investor's needs and is being presented as one of several building blocks in an overall financial plan which includes life insurance, fixed dollar savings and individual securities, in addition to mutual fund shares.

Underwriter to Investor: A second major distribution method is direct selling. In this case the retail securities dealer is not utilized. The underwriter organization carries on, in addition to the wholesale function, the retail function by the employment of sales representatives to approach the investing public.

Fund to Investor: In this method of distribution, funds may deal directly with investors without the use of salesmen in the field. The funds may present themselves to the public through advertising, direct mail, and other means. Potential investors may take the initiative in determining whether specific funds meet their specific needs. Investors may contact the funds directly to obtain a prospectus or buy shares. The shares of these funds are sold to the public without a sales charge.

Pricing: The offering prices and redemption prices of mutual fund shares are determined with reference to the current market value of the underlying investments in the fund's portfolio. This "asset value per share," determined by the companies at least once a day, is calculated by dividing the company's total net assets by the number of its shares outstanding.

The offering price, which may include a distribution charge, is fully explained in the mutual fund's prospectus. If levied, the buyer pays a sales charge of about 7.5 to 8.5 percent, which is included in the shares offering price. The charges may vary, depend-

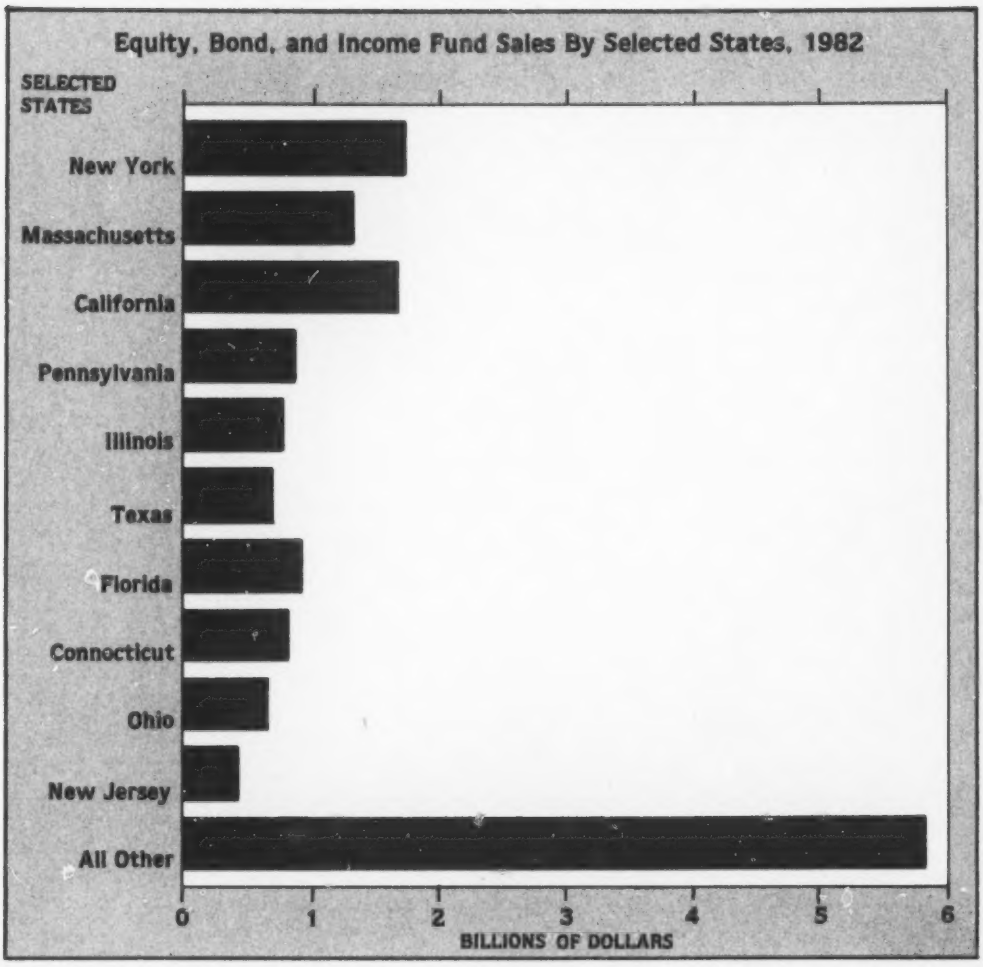


ing upon the amount of his purchase and the rates set by the individual fund. Lower rates usually apply on larger purchases. Mutual funds generally redeem their outstanding shares at their current net asset value.

Broad Interest: The different methods used in the distribution of mutual fund shares have generated a broad interest in such shares among individuals, families, and institutions in every one of the 50 states.

Where Funds Are Sold

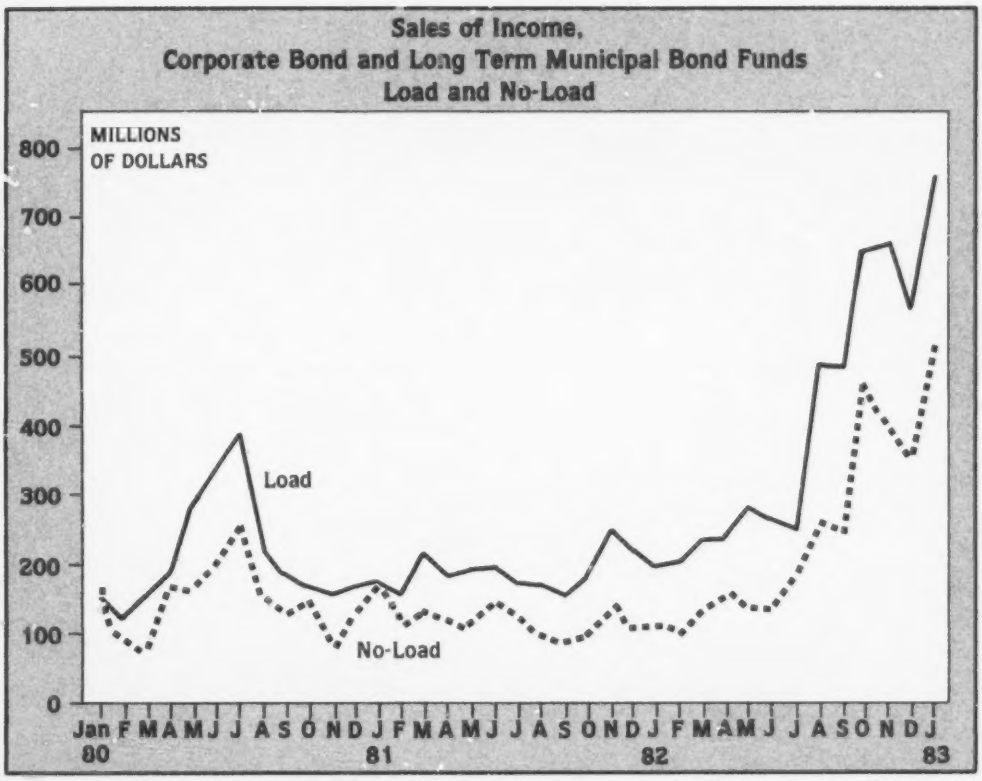
Assets and sales of mutual funds are heaviest in geographic regions which include large numbers of people in moderate to upper-income groups. Such areas attract fund organizations who engage in broad-based sales-

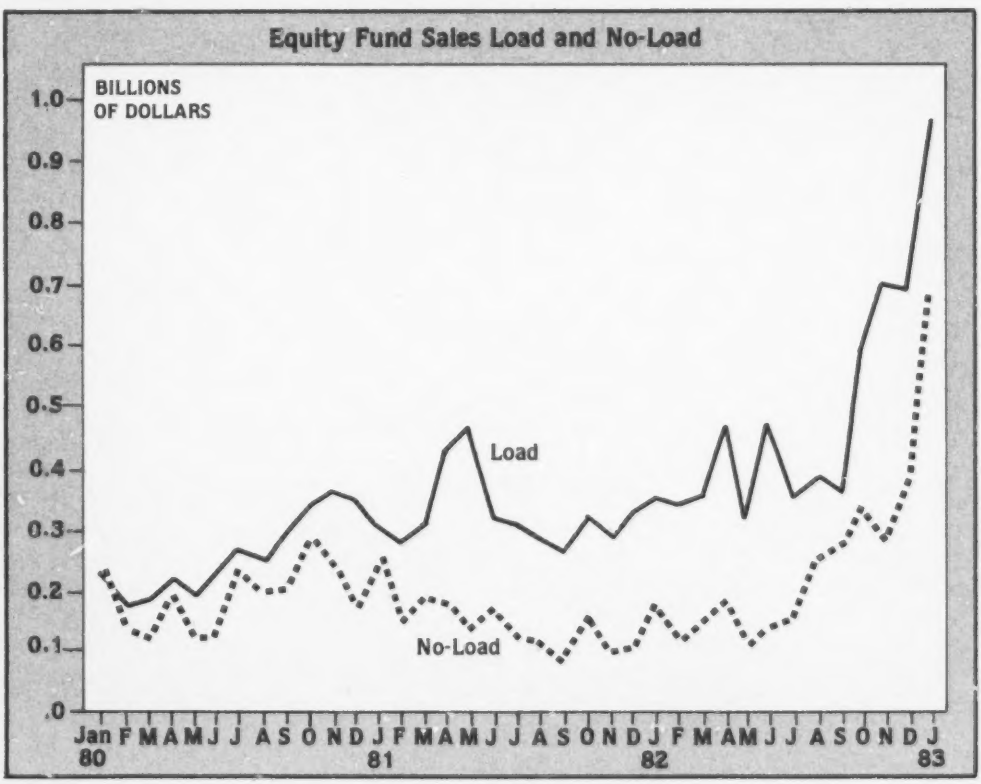


promotion programs to increase the public's awareness and knowledge of mutual funds. The result: certain geographic areas are prime marketing targets since they include prospects who are both able and willing to purchase mutual funds.

As may be seen in the accompanying chart, New York and California accounted for the two largest state shares of total money market assets and accounts. New York shareholders, for example, represented about 14.2 percent of the $207 billion of assets outstanding at the end of 1982 while California shareholders accounted for 12.0 percent of total assets. The ten states with the largest share of money market assets, moreover, accounted for about two-thirds of the total.

Essentially, the same ten states that dominate the market for money market funds play a similar role in the distribution of total sales of stock and bond funds (see chart). Using the regional categories of the Bureau of the Census, another geographic trend is evident. Shares of total sales of stock and bond funds over the past decade are increasing slightly in the Northeast and the South. These gains are at the expense of the North Central and Western Regions.


Sales of Income,
Corporate Bond and Long Term Municipal Bond Funds
Load and No-Load
MILLIONS
OF DOLLARS
800
700
600
500
400
300
200
100
0
Load
No-Load
Jan F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J
80
81
82
83


Equity Fund Sales Load and No-Load
BILLIONS
OF DOLLARS
1.0
0.9
0.8
0.7
0.6
0.5
0.4
0.3
0.2
0.1
.0
Load
No-Load
Jan F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J
80
81
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83

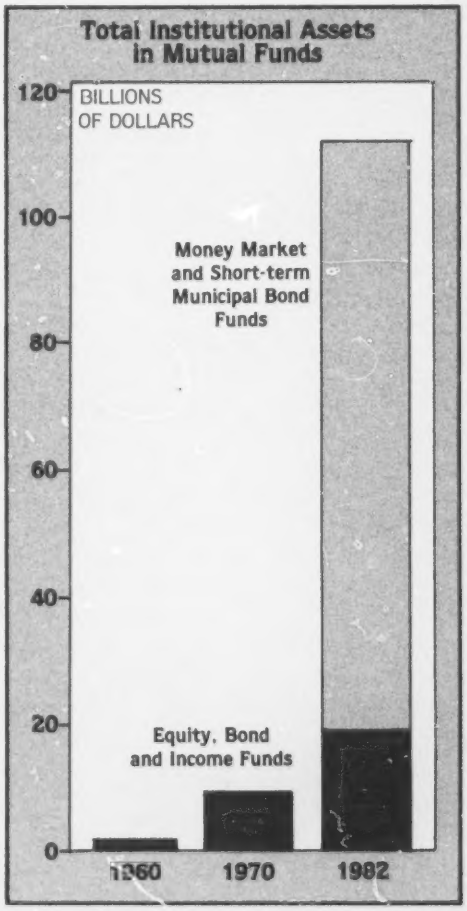
Institutional Markets

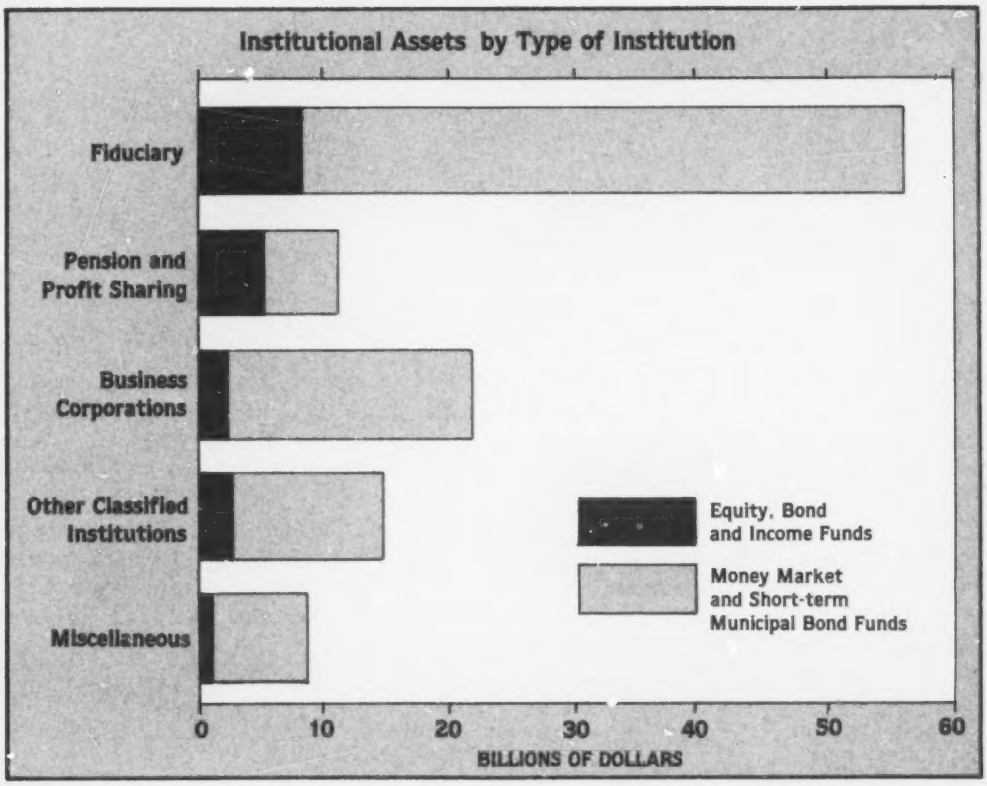
Mutual funds are sometimes thought of as financial products for individuals, primarily for small investors. The modest initial investment requirements of funds and the investors' ability to add small amounts to their accounts at regular intervals does allow mutual funds to play this role. Superior investment performance, diversification, and other services available through mutual funds, however, also attract investors in middle and upper income brackets as noted in an earlier chapter. And, increasingly, institutions of various types have turned to mutual funds.

For marketing and statistical purposes, institutional activity is defined to include banks and other fiduciaries, business corporations, employee pension and profit-sharing plans, insurance companies, foundations, and other types of institutions. As the accompanying chart shows, the value of institutional assets under management has risen from about $1.8 billion in 1960 to $113.7 billion at the end of 1982.

Since this rate of growth has been much more rapid than the expansion of assets owned by individuals, institutional assets have accounted for an expanding share of total assets. Between 1960 and 1982, the institutional share of total assets rose from about 10.6 percent to 38.3 percent. Part of the reason for the acceleration in institutional activity in recent years is the extraordinary rise of money market funds. As noted earlier, these funds are particularly active in the institutional market, and at the end of 1982 accounted for $86.9 billion, or 76.4 percent of the institutional total of $113.7 billion. Money market funds, of course, have only been available since the early Seventies.

Institutional assets accounted for 42.1 percent of total money market assets at the end of 1982, and 36.9 percent at the end of 1981. The comparable shares for stock and bond funds were 24.6 percent and 23.7 percent. The institutional share of money market funds has risen in the past year because of growth in the fiduciary and financial institutions





categories. The institutional share of stock and bond funds has grown because of significant increases in fiduciary accounts and retirement plans funded with mutual funds.

The number of institutional accounts has expanded, along with the rise in assets. In 1960, there were only about 347 thousand accounts on the books. At the end of 1982, institutional accounts totalled about 3.0 million. Since many of these are pooled accounts, the number of fund customers linked to institutions is even larger.

The institutional market is complex and includes a number of submarkets, each of which has many unique characteristics (see chart). By far the largest such market is the fiduciary group. At the end of 1982, fiduciary accounts of all types of funds numbered about 1.6 million and had an estimated total value of $56.4 billion, (see chart).

The fiduciary market is composed of at least two broad segments: 1) bank trusts, and 2) individuals serving as trustees, guardians, and administrators. The former market is served mainly by the money market funds, while the latter is primarily the province of all other types of funds. This distinction is evident from the fact that the average-size fiduciary account associated with money market funds is much larger than stock, bond and income funds.

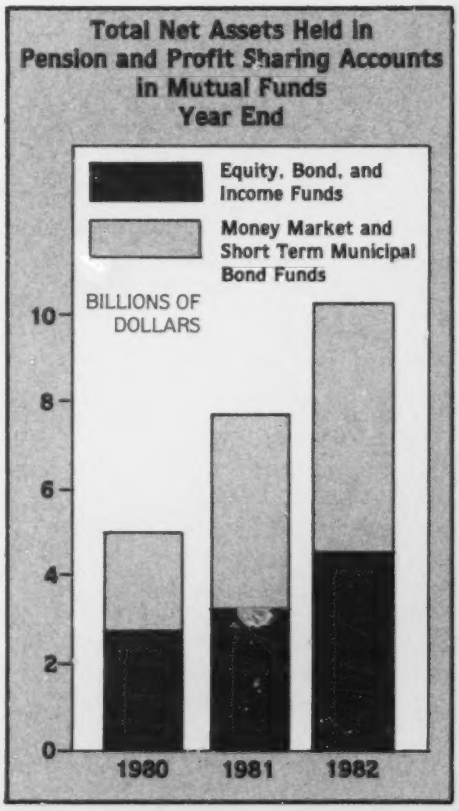
Other statistical details relating to the institutional market are contained in tables presented in the Appendix. Because of the importance of the retirement market, however, this segment will be discussed separately in the following section.

The Retirement Market

Mutual funds are uniquely compatible with the long-term objectives of saving for retirement (see box for description of plans). As noted earlier, there is a type of fund available to match a wide range of reward-risk preferences. Funds provide great flexibility through the exchange feature. They are a cost-effective way to invest, and they provide a wide range of services. Finally, for those who wish to fund all or part of their retirement plans with equities, stock-oriented mutual funds have generated total returns in excess of their major competitor, bank trust departments (see table).

Employee Pension And Profit-Sharing Plans

In recent years, mutual funds have made substantial progress in attracting employee pension and profit-sharing accounts. As shown in the accompanying chart, these accounts totalled about $10.3 billion at the end of 1982, up 34 percent from the preceding year.



COMPARATIVE EQUITY INVESTMENT PERFORMANCE THROUGH DECEMBER 31, 1982
(Percent)

	Average Total Returns	
	5 Years	10 Years
Mutual Funds	141.2	144.6
Bank Funds	114.0	90.7
S&P 500	93.2	90.2

Note: Mutual fund performance is the unweighted average of the total returns of aggressive growth, growth, and growth and income funds. Calculated by the Institute from data compiled by Computer Directions Advisors, Inc.

KEOGH ASSETS AND ACCOUNTS BY INVESTMENT OBJECTIVE YEAR-END 1982

Investment Objective	Assets		Accounts	
	Thousands of Dollars	Percent	Number	Percent
Aggressive Growth	$ 499,599	9.6%	36,629	8.6%
Growth	1,434,564	27.7	97,031	22.7
Growth-&-Income	838,613	16.2	51,912	12.1
Balanced	28,549	0.6	2,426	0.6
Income	303,328	5.8	20,376	4.8
Corporate Bond	446,071	8.6	32,505	7.6
Long-Term Muni. Bond	517	—	37	—
Option/Income	17,843	0.3	1,698	0.4
Short-Term Muni. Bond	17	—	5	—
Money Market	1,616,168	31.2	184,899	43.2
Total	**$5,185,269**	**100.0%**	**427,518**	**100.0%**

Approximately $5.8 billion of the total was funded with money market funds; the balance, $4.5 billion, was funded with stock and bond mutual funds. In the early 1970s, the total value of all pension and profit-sharing plans probably totalled less than $1.0 billion.

While mutual funds have made progress in penetrating this market, it has not been commensurate with the competitive edge they have over banks in the area of investment performance. Mutual fund organizations must continue to tell their performance story. They must also clear up misconceptions about the appropriateness of funds as pension vehicles, particularly among sponsors with plans of $10.0 million or less.

These impediments to further progress should be regarded as temporary. They can be overcome by more aggressive refined marketing-promotion strategies.

Keogh Plans

Mutual funds, always strong in the Keogh market, had 428 thousand accounts under management at the end of 1982. These plans totalled $5.2 billion and accounted for 28.5 percent of the total Keogh market.

As may be seen in the accompanying table, about 53 percent of the Keogh assets managed by mutual funds were associated with aggressive growth, growth, and growth-&-income funds. Money market funds accounted for 31 percent of mutual fund Keogh assets. The remaining investment objective groups accounted for the rest.

The Keogh market has become increasingly important since the liberalization of the tax laws effective in 1982. Self-employed individuals are now able to put away the lesser of 15 percent of income or $15,000, instead of the $7,500 allotted earlier. In addition, they can open an IRA, which means an effective maximum saving of $17,000.

The IRA Market

The great expectations on the part of financial institutions, including the mutual fund industry, regarding the potential IRA market have been justified over the last year. During 1982, IRA accounts funded with mutual funds nearly quadrupled while IRA as-

sets more than doubled. These assets in equity, bond and income funds grew by $1.8 billion during the year and over 600 thousand new IRA accounts were opened. Money market fund IRA assets grew by $1.5 billion while three-quarters of a million new IRA accounts were opened.

It should be noted that over the year a shift occurred in the way IRAs were funded. Early in 1982, money market funds accounted for 63 percent of all mutual fund IRAs. By early this year that ratio had dropped to 47 percent.

At the end of 1981 funds held 10 percent of all IRA assets in the marketplace. Estimates for the total IRA market reveal that in 1982 we accounted for nearly 16 percent of the total growth in IRA assets. Thus our share of the market by the end of 1982 had risen to about 12.5 percent.

The story of IRA accounts is even

Retirement Plans

Federal income tax laws permit the establishment of a number of types of retirement plans which may be funded with mutual fund shares.

Corporate Plans

Corporations are permitted to establish various types of pension and profit-sharing plans covering their employees. Corporate contributions to the plans are tax-deductible and earnings accumulate on a tax-sheltered basis.

Individual Retirement Accounts

All wage-earners under the age of 70½ may set up an Individual Retirement Account (IRA). The individual may contribute 100 percent of his or her compensation each year up to $2,000. The amounts contributed each year are tax-deductible. These contributions go into a tax-sheltered program so that all dividends, interest and capital gains are allowed to compound tax-deferred year after year. An individual who qualifies for an IRA and has a spouse who isn't employed may contribute up to 100 percent of his or her income or $2,250, whichever is less.

Keogh Plans

A Keogh plan is a vehicle for setting up a retirement fund for self-employed individuals and their eligible employees consisting of tax-deductible contributions and tax-sheltered accumulations of income and capital gains. The maximum tax-deductible contribution for a self-employed person is $15,000 or 15 percent of yearly self-employed income, whichever is less.

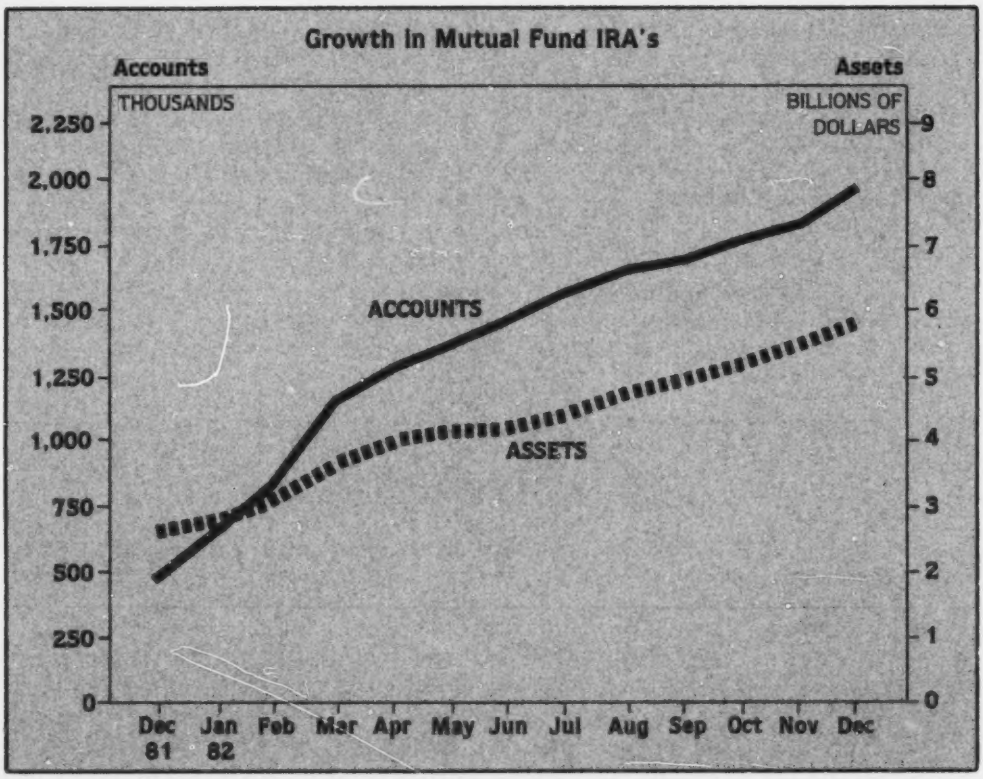
For the individual with modest self-employed earnings who would have a severely limited tax deduction under the general Keogh contribution provisions, a Mini-Keogh plan is available. An individual with total adjusted gross income of less than $15,000 may contribute up to 100 percent of his or her self-employed income or $750, whichever is less.

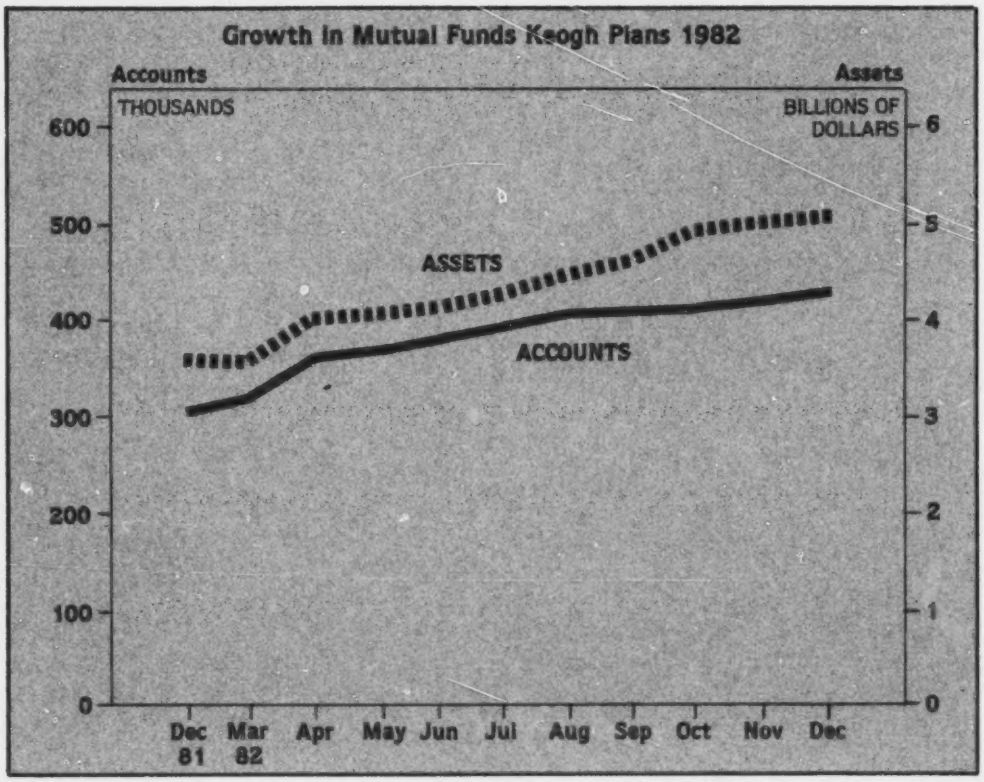
Simplified Employee Pension Plans

Employers who have not established a qualified retirement plan may contribute up to $15,000 or 15 percent of compensation, whichever is less, to individual retirement accounts of their employees. The employer's contribution is tax deductible.

Section 403(b) Plans

Section 403(b) of the Internal Revenue Code permits employees of certain charitable organizations and public school systems to establish tax-sheltered retirement programs.


Growth in Mutual Fund IRA's
Accounts
Assets
THOUSANDS
BILLIONS OF DOLLARS
2,250
2,000
1,750
1,500
1,250
1,000
750
500
250
0
9
8
7
6
5
4
3
2
1
0
ACCOUNTS
ASSETS
Dec 81
Jan 82
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec


Growth in Mutual Funds Keogh Plans 1982
Accounts
Assets
THOUSANDS
BILLIONS OF DOLLARS
600
500
400
300
200
100
0
6
5
4
3
2
1
0
ASSETS
ACCOUNTS
Dec 81
Mar 82
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec

IRA ASSETS AND ACCOUNTS BY INVESTMENT OBJECTIVE YEAR-END 1982

Investment Objective	Assets Thousands of Dollars	Assets Percent	Accounts Number	Accounts Percent
Aggressive Growth	$ 638,274	11.1%	257,022	13.3%
Growth	635,475	11.0	232,842	12.0
Growth-&-Income	515,098	8.9	150,452	7.8
Balanced	8,398	0.2	2,687	0.1
Income	277,145	4.8	62,688	3.2
Corporate Bond	674,667	11.7	176,423	9.1
Long-Term Muni. Bond	2,026	—	355	—
Option/Income	50,390	0.9	13,433	0.7
Money Market	2,956,199	51.4	1,044,898	53.8
Total	**$5,757,672**	**100.0%**	**1,940,800**	**100.0%**

more positive. The industry's share of IRA accounts at the beginning of the year was about 7.5 percent. Its share of the total growth in accounts, however, was nearly 17 percent. By the end of 1982, the fund industry's share of all IRA accounts had risen to 12.5 percent, a significant increase.

Investors Interested in Mutual Fund IRAs

The Economic Recovery Tax Act of 1981 raised the annual limit on deductions for contributions to individual retirement accounts (IRAs) to the lesser of 100 percent of compensation or $2,000. More importantly, it expanded the number of those eligible to contribute to an IRA to all persons with earned income, regardless of whether or not they are covered by other retirement plans. Thus, by the stroke of a pen, Congress enabled and encouraged virtually every wage earner to plan and save for retirement and for other long-term purposes.

This expansion of the IRA market led to great expectations on the part of financial institutions, including mutual funds, regarding the amount of new IRA business that would be generated. These expectations have been justified for the fund industry. During 1982, the number of IRA accounts on the books increased to nearly four times their 1981 level while IRA assets under management more than doubled. At the end of December total IRA assets held by the funds were $5.8 billion while accounts were 1.9 million. Fifty-one percent of the assets were in money market funds while 31 percent were in equity funds. One-third of the accounts are invested in equity funds and slightly over half are in money market funds. The growth in mutual fund IRAs was greatest in the early months of the year. IRAs continued to grow the rest of the year but at a slower rate. During the first quarter of 1983 growth has again accelerated as investors sought to beat the tax deadlines.

Because of intense interest in IRAs, the Institute launched a survey to learn something abqut the people interested in funding their IRA with mutual funds, how they made their investment decisions, and the characteristics of those who had already purchased an IRA. The survey participants were selected from a list of people who had contacted the Institute for information on IRAs early in 1982.

The results are based on approximately 1,500 respondents. It should be emphasized that the characteristics of these respondents are different from the population at large in at least three important ways. They are actively interested investors and better educated than the population at large. The average income of those in the sample is significantly higher than the average income of all households. Finally, many respondents currently owned mutual funds or had been owners at some time in the past. These characteristics significantly increase the probability that they will own or open an IRA; they also make it more likely that the IRA will be funded by mutual funds.

Based on responses to the Institute's survey, people interested in the possibility of funding their IRA with mutual funds are relatively affluent, well-educated, and from all age groups except the very old and very young. Many of them are already fund owners. About three-fourths of the respondents were male, and most respondents were married. The median age of all respondents was 45. Three out of five had college degrees and more than one-fourth had attended graduate school.

The median household income of re-

spondents was almost $40,000, more than twice the income for the population as a whole. It is also higher than the median income for mutual fund owners, generally, which is in the $32,000 range. This is not surprising when one considers that a certain income level is required to enable a wage earner or household to put aside up to $2,000 for such a long term goal.

Survey respondents were quite active in seeking information on IRAs. In addition to contacting the Institute, nearly all sought information from other sources as well. Those most frequently used were articles in newspapers and magazines and brochures from financial institutions. This indicates a certain independence on the part of the prospects and a desire to do their own research in making their decision.

Over half of the respondents owned an IRA at the time they were surveyed. The owners were more affluent and older than the non-owners. Most IRA owners had made their purchase after the new tax law became effective. They cited both tax incentives and the need to supplement retirement income as their motivation in opening an IRA. Few of the owners had made their purchase through a payroll deduction plan.

More than three-fourths of the owners had an individual account rather than a spousal IRA. This is explained by the fact that nearly two-thirds of the married respondents indicated that their spouse was also employed and either already had an IRA or planned to open an IRA before the end of the year.

Both income and education seemed to play a part in choice of funding vehicle. Those who purchased through mutual funds tended to have a higher level of education than those who bought through other investment vehicles. People with higher incomes, particularly those with incomes of $50,000 or more, are also more likely to have a mutual fund company manage their IRA than people with lower incomes. This latter group is more likely to wind up at commercial banks, savings and loan associations, and other deposit institutions.

Those who funded their IRA with a mutual fund cited flexibility and performance as their reasons for choosing that type of vehicle. High yield, convenience and safety were predominant factors in investors choosing a deposit institution to establish their IRA.

Non-owners who indicated they were somewhat or highly likely to open an IRA for the current tax year were a bit younger on average than IRA owners and they had a slightly lower median household income in 1981. Close to half of the potential purchasers were under 40 years of age while only one-fourth of the owners were that young. Of all the non-owners, half said they were highly likely to purchase an IRA this year and another third said they were somewhat likely. Many of the potential purchasers said that recognition of the opportunity to get a tax break on 1982 income was slipping away would be the impetus needed to make them open an IRA. Over half indicated that they would choose a mutual fund as the investment vehicle for their IRA. An even greater number already owned some kind of mutual fund.

Those respondents who were not likely to purchase an IRA this year said that they lacked the funds or were hesitant about tying their money up in long-term retirement plans at this time. Two-thirds already owned a mutual fund of some type. Over half were under 40 years of age and the median income for the group was $27,590.

The survey suggests that current mutual fund shareholders are prime prospects for IRAs. They are in income and age brackets that are ideal for this type of investment and they are already somewhat knowledgeable about the fund industry. The flexibility and potential for growth in a

CHARACTERISTICS OF RESPONDENTS CLASSIFIED BY IRA OWNERSHIP

	Persons With IRA's Funded Through Mutual Funds		Persons With IRA's Funded Through Other Vehicles		Persons Without An IRA	
	Number	Percent	Number	Percent	Number	Percent
Age						
Under 30	27	7.9%	39	6.1%	102	15.1%
30-39	71	20.7	103	16.0	201	29.7
40-49	76	22.2	158	24.5	169	25.0
50-59	118	34.4	246	38.2	154	22.7
60-64	43	12.5	81	12.6	32	4.7
65 and Over	8	2.3	17	2.6	19	2.8
Total	**343**	**100.0%**	**644**	**100.0%**	**677**	**100.0%**
Education						
Some High School	7	2.0%	14	2.2%	5	0.7%
High School Graduate	21	6.1	99	15.3	70	10.3
Some College	71	20.7	171	26.5	168	24.9
College Graduate	136	39.7	216	33.5	229	33.9
Graduate School	108	31.5	145	22.5	204	30.2
Total	**343**	**100.0%**	**645**	**100.0%**	**676**	**100.0%**
Yearly Income						
Under $10,000	1	0.3%	4	0.6%	11	1.7%
$10,000-$14,999	4	1.2	16	2.5	23	3.4
$15,000-$24,999	32	9.3	83	12.9	120	17.9
$25,000-$49,999	168	49.0	360	55.8	374	55.9
$50,000-$74,999	110	32.1	143	22.2	114	17.1
$75,000 and Over	28	8.1	39	6.0	27	4.0
Total	**343**	**100.0%**	**645**	**100.0%**	**669**	**100.0%**

mutual fund complex are obvious advantages for an IRA investment which can be stressed to the potential customer. There are approximately thirteen million individual fund shareholders. As there were only two million IRA accounts with mutual funds at the end of 1982, there is obviously still a large potential market among existing shareholders. Given the nature of the investment, these would be long-term accounts on the fund books which, once sold, would continue to grow over time.

Regulation and Taxation

Mutual fund organizations are the most strictly regulated business entities under the federal securities laws. Ray Garrett, Jr., former chairman of the United States Securities and Exchange Commission (SEC), stated that "No issuer of securities is subject to more detailed regulation than mutual funds."

The laws governing mutual funds require exhaustive disclosure to the SEC, state regulators and fund shareholders and entail continuous regulation of fund operations. Properly, however, these laws do not include supervision of management's investment judgment.

Four major federal statutes regulate mutual funds.

The Securities Act of 1933 requires the filing of full information regarding the fund with the SEC. In addition, the 1933 Act requires that the fund provide potential investors with a current prospectus which makes detailed disclosures about the fund's management, its investment policies and objectives and its investment activities. The 1933 Act also limits the types of advertisements which may be used by a mutual fund.

The purchase and sale of mutual fund shares, as with all securities, are subject to the anti-fraud provisions of the Securities Exchange Act of 1934.

The Investment Advisers Act of 1940 regulates the activities of investment advisers to mutual funds.

Most importantly, the mutual fund must register with the SEC under the Investment Company Act of 1940, which is a highly detailed regulatory statute. The 1940 Act contains numerous provisions designed to prevent self-dealing and other conflicts of interest, maintain the integrity of fund assets and prevent the payment of excessive fees and charges by the fund and its shareholders.

In addition to these federal statutes, all but a few states regulate mutual funds.

Federal and state laws do not guarantee that mutual fund shares will go up in value, or that they will not go down. They are designed to protect those who, when they invest, assume the risk. They are intended, among other things, to ensure that the public is informed of that risk and that mutual funds are operated and managed in the interests of their shareholders.

Conduit Theory: An extra layer of taxation is avoided under the "conduit theory" which applies to most mutual funds under which fund shareholders are treated substantially as if they directly held the securities in the fund's portfolio.

Provided the fund qualifies under Subchapter M of the federal Internal Revenue Code of 1954, the fund pays no federal income tax on dividends, interest and capital gains distributed to shareholders.

In order to qualify, a mutual fund must, among other things, distribute to its shareholders at least 90 percent of its investment company taxable income each year. Thus a shareholder receives investment income dividends and capital gains distributions from a qualifying fund without any tax being levied on the fund. Instead, shareholders must report these payments on their own tax returns.

Glossary of Mutual Fund Terms

(For explanation of types of funds, see page 15; for retirement plans, see page 45.)

Adviser
The organization which is employed by a mutual fund to give professional advice on its investments and management of its assets.

Asked or Offering Price
The price at which a mutual fund's shares can be purchased. The asked or offering price means the current net asset value per share plus sales charge, if any.

Automatic Reinvestment
The option available to mutual fund shareholders whereby fund income dividends and capital gains distributions are automatically put back into the fund to buy new shares and thereby build up holdings.

Bid or Redemption Price
The price at which a mutual fund's shares are redeemed (bought back) by the fund. The bid or redemption price usually means the current net asset value per share.

Bookshares
A modern share-recording system which eliminates the need for mutual fund share certificates but gives the fund shareowner a record of his holdings.

Broker-Dealer (or Dealer)
A firm which retails mutual fund shares and other securities to the public.

Capital Gains Distributions
Payments to mutual fund shareholders of gains realized on the sale of the fund's portfolio securities. These amounts usually are paid once a year.

Capital Growth
An increase in market value of a mutual fund's securities which is reflected in the net asset value of fund shares. This is a specific long-term objective of many mutual funds.

Closed-end Investment Company
Unlike mutual funds (known as "open-end funds"), closed-end companies issue only a limited number of shares and do not redeem them (buy them back). Instead, closed-end shares are traded in the securities markets, with supply and demand determining the price.

Contractual Plan
A program for the accumulation of mutual fund shares in which the investor agrees to invest a fixed amount on a regular basis for a specified number of years. A substantial portion of the sales charge applicable to the total investment is usually deducted from early payments.

Conversion Privilege
See Exchange Privilege.

Custodian
The organization (usually a bank) which holds in custody and safekeeping the securities and other assets of a mutual fund.

Diversification
The mutual fund policy of spreading its investments among a number of different securities to reduce the risks inherent in investing.

Dollar-Cost Averaging
Investing equal amounts of money at regular intervals regardless of

whether the stock market is moving upward or downward. This reduces average share costs to the investor who acquired more shares in periods of lower securities prices and fewer shares in periods of higher prices.

Exchange Privilege
Enables a mutual fund shareholder to transfer his investment from one fund to another within the same fund group if his needs or objectives change, generally with a small transaction charge.

Income Dividends
Payments to mutual fund shareholders of dividends, interest and short-term capital gains earned on the fund's portfolio securities after deduction of operating expenses.

Investment Adviser
See Adviser.

Investment Company
A corporation, trust or partnership in which investors pool their money to obtain professional management and diversification of their investments. Mutual funds are the most popular type of investment company.

Investment Objective
The goal—e.g., long-term capital growth, current income, etc.—which an investor or a mutual fund pursues.

Liquid Asset Fund
See Money Market Fund (p. 15).

Management Fee
The amount paid by a mutual fund to the investment adviser for its services. The average fee industrywide is about one-half of one percent a year of the fund's assets.

Mutual Fund
An investment company which ordinarily stands ready to buy back (redeem) its shares at their current net asset value; the value of the shares depends on the market value of the fund's portfolio securities at the time. Also, most mutual funds continuously offer new shares to investors.

Net Asset Value Per Share
The market worth of a mutual fund's total assets—securities, cash and any accrued earnings—after deduction of liabilities, divided by the number of shares outstanding.

No-Load Fund
A mutual fund selling its shares at net asset value without the addition of sales charges.

Open-end Investment Company
The more formal name for a mutual fund, indicating that it stands ready to redeem its shares (buy them back) on demand.

Payroll Deduction Plan
An arrangement whereby an employee may accumulate shares in a mutual fund by authorizing his employer to deduct and transfer to the fund a specified amount from his salary at stated times.

Periodic Payment Plan
See Contractual Plan.

Prospectus
The official booklet which describes the mutual fund and offers its shares for sale. It contains information as required by the Securities and Exchange Commission on such subjects as the fund's investment objectives and policies, services, investment restrictions, officers and directors, how shares can be bought and redeemed, its charges and its financial statements.

Qualified Retirement Plan
A private retirement plan that meets the rules and regulations of the Internal Revenue Service. Contributions to a qualified retirement plan are in almost all cases tax deductible and earnings on such contributions are always tax sheltered until withdrawal.

Redemption Price
The amount per share the mutual fund shareholder receives when he cashes in his shares (also known as "bid price"). The value of the shares depends on the market value of the fund's portfolio securities at the time.

Reinvestment Privilege
A service provided by most mutual funds for the automatic reinvestment of a shareholder's income dividends and capital gains distributions in additional shares.

Sales Charge
An amount charged to purchase shares in many mutual funds. Typically the charge is 8.5 percent of the initial investment. The charge is added to the net asset value per share in the determination of the offering price. (Some funds, which do not have salesmen, have no sales charge.)

Split Funding
A program which combines the purchase of mutual fund shares with the purchase of life insurance contracts or other products.

Transfer Agent
The organization which is employed by a mutual fund to prepare and maintain records relating to the accounts of its shareholders.

Underwriter or Principal Underwriter
The organization which acts as the distributor of a mutual fund's shares to broker-dealers and the public.

Withdrawal Plans
Many mutual funds offer withdrawal programs whereby shareholders receive payments from their investments at regular intervals. These payments typically are drawn from the fund's dividends and capital gains distributions, if any, and from principal, to the extent necessary.

Variable Annuity
A contract under which an insurance annuity is purchased with a fixed number of dollars which are translated into a varying number of accumulation units. At retirement the annuitant is paid in a fixed number of annuity units monthly which are translated into a varying number of dollars. The value of both accumulation and annuity units varies in accordance with the performance of a portfolio invested in equity securities.

Variable Life Insurance
An equity-based life insurance policy in which the reserves may be invested in common stocks. The death benefit is guaranteed never to fall below the face value, but it could increase if the value of the securities increases. There may be no guaranteed cash surrender value under this kind of policy.

Voluntary Plan
A flexible accumulation plan in which there is no definite time period or total amount to be invested.

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SHAREHOLDER ACCOUNTS, TOTAL NET ASSETS, AND CASH POSITION EQUITY, BOND, AND INCOME FUNDS 1965–1982

Calendar Year End	Number of Reporting Funds	Number of Accounts (In Thousands)	Assets (In Billions of Dollars)	Cash Position (In Billions of Dollars)
1965	170	6,709.3	$35.2	$1.8
1966	182	7,701.7	34.8	3.0
1967	204	7,904.1	44.7	2.6
1968	240	9,080.2	52.7	3.2
1969	269	10,391.5	48.3	3.8
1970	361	10,690.3	47.6	3.1
1971	392	10,901.0	55.0	2.6
1972	410	10,635.3	59.8	2.6
1973	421	10,330.9	46.5	3.4
1974	416	9,970.4	34.1	3.4
1975	390	9,712.5	42.2	3.2
1976	404	8,879.4	47.6	2.4
1977	427	8,515.1	45.0	3.3
1978	444	8,190.6	45.0	4.5
1979	446	7,482.2	49.0	4.7
1980	458	7,325.5	58.4	5.3
1981	486	7,175.5	55.2	5.3
1982	539	8,190.3	76.8	6.0

NOTE: Figures for shareholder accounts represent combined totals for member companies. Duplications have not been eliminated.

DISTRIBUTION OF MUTUAL FUND ASSETS
EQUITY, BOND, AND INCOME FUNDS
CALENDAR YEAR END, 1966–1982
(Millions of Dollars)

Year	Total Net Assets	Net Cash & Equivalent	Corporate Bonds	Preferred Stocks	Common Stocks	Municipal Bonds	Long Term US Gov't.	Other
1966	$34,829	$2,971	$2,915	$ 505	$28,438	NA	NA	NA
1967	44,701	2,566	2,959	755	38,421	NA	NA	NA
1968	52,677	3,187	3,408	1,675	44,407	NA	NA	NA
1969	48,291	3,846	3,586	1,190	39,669	NA	NA	NA
1970	47,618	3,124	4,286	1,143	38,540	NA	NA	$525
1971	55,045	2,601	4,910	1,206	45,891	NA	NA	437
1972	59,831	2,598	5,068	993	50,735	NA	NA	437
1973	46,519	3,426	4,196	623	37,698	NA	NA	576
1974	34,062	3,357	3,611	426	26,103	NA	NA	565
1975	42,179	3,209	4,766	506	33,158	NA	NA	540
1976	47,582	2,352	6,977	655	37,158	NA	NA	440
1977	45,049	3,274	6,475	418	30,746	$2,256	$1,295	585
1978	44,980	4,507	5,545	405	30,678	2,550	1,093	202
1979	48,980	4,995	5,582	443	34,334	2,651	798	177
1980	58,400	5,321	6,582	531	41,561	2,866	1,433	106
1981	55,207	5,277	7,489	399	36,649	3,046	2,147	200
1982	76,841	6,040	10,833	1,628	47,720	6,797	3,752	71
			(PERCENTAGES)					
1966	100.0%	8.5%	8.4%	1.4%	81.7%	NA	NA	NA
1967	100.0	5.7	6.6	1.7	86.0	NA	NA	NA
1968	100.0	6.0	6.5	3.2	84.3	NA	NA	NA
1969	100.0	8.0	7.4	2.5	82.1	NA	NA	NA
1970	100.0	6.6	9.0	2.4	80.9	NA	NA	1.1%
1971	100.0	4.7	8.9	2.2	83.4	NA	NA	0.8
1972	100.0	4.3	8.5	1.7	84.8	NA	NA	0.7
1973	100.0	7.4	9.0	1.3	81.0	NA	NA	1.3
1974	100.0	9.9	10.6	1.2	76.6	NA	NA	1.7
1975	100.0	7.6	11.3	1.2	78.6	NA	NA	1.3
1976	100.0	4.9	14.7	1.4	78.1	NA	NA	0.9
1977	100.0	7.3	14.4	0.9	68.2	5.0%	2.9%	1.3
1978	100.0	10.0	12.3	0.9	68.2	5.7	2.4	0.5
1979	100.0	10.2	11.4	0.9	70.1	5.4	1.6	0.4
1980	100.0	9.1	11.3	0.9	71.2	4.9	2.4	0.2
1981	100.0	9.5	13.6	0.7	66.4	5.5	3.9	0.4
1982	100.0	7.9	14.1	2.1	62.1	8.8	4.9	0.1

TOTAL NET ASSETS AND CASH POSITION BY FUND CHARACTERISTICS

Year-end (In Millions of Dollars)

	1979		1980		1981		1982	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
TOTAL NET ASSETS	**$48,979.5**	**100.0%**	**$58,399.6**	**100.0%**	**$55,207.3**	**100.0%**	**$76,840.6**	**100.0%**
Method of Distribution:								
Broker-Dealer	26,233.8	53.6	32,032.4	54.9	30,636.6	55.5	$42,337.4	55.1
Direct Selling	8,720.2	17.8	9,176.7	15.7	8,600.4	15.5	11,556.1	14.6
No-Load	12,729.6	26.0	15,647.5R	26.8	14,548.4	26.4	21,883.6	28.5
Other*	1,295.9	2.6	1,543.0	2.6	1,421.9	2.6	1,363.5	1.8
Investment Objective:								
Aggressive Growth	2,964.8	6.1	4,681.3	8.0	4,966.5	9.0	9,562.0	12.5
Growth	13,010.4	26.6	16,823.4	28.8	15,221.3	27.6	18,971.8	24.7
Growth-&-Income	16,462.3	33.6	19,522.6	33.4	18,226.8	33.0	22,029.8	28.7
Balanced	3,438.0	7.0	3,389.2	5.8	2,778.3	5.0	3,065.1	4.0
Income	4,542.1	10.4	4,801.8	8.2	4,487.3	8.1	5,865.7	7.6
Bond**	5,086.5	6.1	5,712.6	9.8	5,913.3	10.7	9,094.7	11.8
Municipal Bond	3,006.4	9.3	2,908.3	5.0	3,062.5	5.6	7,455.6	9.7
Option Income	469.0	0.9	560.4	1.0	551.6	1.0	795.9	1.0
NET CASH AND EQUIVALENT	**$ 4,683.8**	**100.0%**	**$ 5,321.1**	**100.0%**	**$ 5,276.9**	**100.0%**	**$ 6,039.8**	**100.0%**
Method of Distribution:								
Broker-Dealer	2,169.8	46.3	2,778.3	52.2	2,782.5	52.7	3,433.9	56.9
Direct Selling	978.1	20.9	1,130.0	21.2	1,285.8	24.4	1,023.7	16.9
No-Load	1,482.1	31.6	1,359.2	25.6	1,158.0	21.9	1,510.3	25.0
Other*	53.8	1.2	53.6	1.0	50.6	1.0	71.9	1.2
Investment Objective:								
Aggressive Growth	443.5	9.5	529.4	9.9	644.1	12.2	814.6	13.5
Growth	1,125.6	24.0	1,510.5	28.4	1,776.1	33.6	1,646.1	27.2
Growth-&-Income	1,003.7	21.4	1,675.4	31.5	1,746.0	33.1	1,948.3	32.3
Balanced	251.2	5.4	309.4	5.8	164.5	3.1	186.3	3.1
Income	492.6	10.5	379.0	7.1	268.5	5.1	303.0	5.0
Bond**	993.0	21.2	606.8	11.4	457.5	8.7	530.2	8.8
Municipal Bond	318.1	6.8	290.3	5.5	184.1	3.5	562.9	9.3
Option Income	56.1	1.2	20.3	0.4	36.1	0.7	48.4	0.8

*Exchange funds and others not currently offering shares; sales represent reinvested dividends.
**Prior to 1975 figures for Bond Funds were included in the Income category.

TOTAL NET ASSETS OF MUTUAL FUNDS
BY INVESTMENT OBJECTIVE WITHIN METHOD OF DISTRIBUTION
1976–1982

(In Millions of Dollars)

	Aggressive Growth	Growth	Growth-&-Income	Balanced	Income	Bond	Municipal Bond	Option Income	Total
					Broker-Dealer				
1976	$1,194.6	$8,079.4	$13,076.0	$2,286.5	$ 3,282.1	$1,996.3	$ 173.5	$ —	$30,088.4
1977	1,265.0	6,414.6	11,072.7	1,243.8	2,905.9	2,143.2	362.8	337.1	25,745.1
1978	1,250.0	6,256.0	10,700.8	1,147.6	2,845.3	2,586.1	490.7	408.1	25,684.6
1979	1,557.4	6,553.5	11,075.1	1,105.0	2,140.3	2,805.7	542.4	454.4	26,233.8
1980	2,370.2	8,620.6	13,162.9	1,133.6	2,323.7	3,256.6	626.1	538.7	32,032.4
1981	2,783.6	7,808.2	12,399.7	956.6	2,203.7	3,287.9	673.9	523.0	30,636.6
1982	5,419.2	10,083.8	15,000.3	1,104.8	2,932.0	5,128.7	1,897.6	771.0	42,337.4
					Direct Sellers				
1976	491.3	2,319.5	3,158.0	2,241.4	1,001.2	950.1	6.8	—	10,168.3
1977	435.4	1,814.2	2,591.3	1,910.1	917.3	1,308.0	160.6	—	9,136.9
1978	411.0	1,692.4	2,131.5	1,706.3	1,131.5	1,545.0	234.4	—	8,852.1
1979	428.4	1,673.8	2,010.7	1,508.0	1,077.3	1,691.0	331.0	—	8,720.2
1980	627.0	1,858.4	2,056.3	1,410.6	1,041.9	1,787.0	395.5	—	9,176.7
1981	672.4	1,777.0	1,649.0	1,107.3	907.6	1,916.8	570.3	—	8,600.4
1982	1,055.5	2,152.0	1,815.1	1,168.8	1,029.7	2,581.0	1,454.0	—	11,256.1
					No-Load				
1976	494.3	3,243.8	948.7	358.6	306.4	309.1	366.0	—	6,026.9
1977	489.5	3,272.8	1,429.5	955.0	541.1	548.0	1,752.9	—	8,988.8
1978	642.0	3,511.8	1,547.5	868.7	567.8	569.1	1,894.5	10.8	9,612.2
1979	944.0	4,613.2	2,285.6	825.1	1,324.5	589.7	2,132.9	14.6	12,729.6
1980	1,630.1	6,157.0	3,001.7	845.0	1,436.1	669.0	1,886.8	21.8	15,647.5
1981	1,403.3	5,480.0	3,019.8	714.4	1,375.8	708.5	1,818.3	28.3	14,548.4
1982	3,087.3	6,575.8	4,011.1	791.5	1,904.0	1,384.9	4,104.1	24.9	21,883.6

TYPE OF SHAREHOLDER ACCOUNTS
EQUITY, BOND, AND INCOME FUNDS
1971–1982
(In Thousands)

Year End	Total Shareholder Accounts	Regular Accounts	Contractual Accumulation Plans	Contractual Single Payment Plans	Withdrawal Accounts
			NUMBER		
1971	10,901	8,996	1,455	169	281
1972	10,635	8,856	1,342	157	280
1973	10,331	8,699	1,214	166	252
1974	9,970	8,524	1,081	140	225
1975	9,667	8,302	1,029	126	210
1976	8,879	7,647	930	112	190
1977	8,515	7,395	844	101	175
1978	8,068	7,080	757	75	156
1979	7,482	6,602R	677	64	139R
1980	7,326	6,598	554	45	129
1981	7,175	6,486	537	30	122
1982	8,190	7,573	471	28	118
			PERCENT		
1971	100.0%	82.5%	13.3%	1.6%	2.6%
1972	100.0	83.3	12.6	1.5	2.6
1973	100.0	84.2	11.8	1.6	2.4
1974	100.0	85.5	10.8	1.4	2.3
1975	100.0	85.9	10.6	1.3	2.2
1976	100.0	86.1	10.5	1.3	2.1
1977	100.0	86.9	9.9	1.2	2.0
1978	100.0	87.8	9.4	0.9	1.9
1979	100.0	88.2	9.0	0.9	1.9
1980	100.0	90.1	7.6	0.6	1.8
1981	100.0	90.4	7.5	0.4	1.7
1982	100.0	92.5	5.8	0.3	1.4

R—Revised

MUTUAL FUNDS CAPITAL CHANGES, EQUITY, BOND, AND INCOME FUNDS 1965–1982

(In Millions of Dollars)

Calandar Year	Sales of Own Shares	Repurchases of Own Shares	Net Increase
1965	$4,358.1	$1,962.4	$2,395.7
1966	4,671.8	2,005.1	2,666.8
1967	4,669.6	2,744.2	1,925.4
1968	6,819.8	3,838.7	2,981.1
1969	6,718.3	3,661.6	3,056.6
1970	4,625.8	2,987.6	1,638.2
1971	5,147.2	4,750.2	397.0
1972	4,892.5	6,562.9	(1,670.7)
1973	4,359.3	5,651.1	(1,291.8)
1974	3,091.5	3,380.9	(289.5)
1975	3,307.2	3,686.3	(379.1)
1976	4,360.5R	6,801.2	(2,440.7)R
1977	6,399.6R	6,026.0	373.6 R
1978	6,705.3	7,232.4	(527.1)
1979	6,826.1R	8,005.0R	(1,178.9)R
1980	9,993.7	8,200.0R	1,793.6
1981	9,710.4	7,470.4R	2,240.0R
1982	15,738.3	7,571.8	8,166.5

R—Revised

ANNUAL REPURCHASE (REDEMPTION) RATE, EQUITY, BOND, AND INCOME FUNDS
1952–1982
(In Millions of Dollars)

Year	Average Total Net Assets	Own Shares Repurchased	Redemption Rate as a Percent of Average Assets
1952	$ 3,531	$ 196	5.6%
1953	4,039	239	5.9
1954	5,128	400	7.8
1955	6,974	443	6.4
1956	8,442	438	5.2
1957	8,880	406	4.6
1958	10,983	511	4.7
1959	14,530	786	5.4
1960	16,422	842	5.1
1961	19,907	1,160	5.8
1962	22,030	1,123	5.1
1963	23,243	1,505	6.5
1964	27,165	1,874	6.9
1965	32,168	1,962	6.1
1966	35,025	2,005	5.7
1967	39,765	2,744	6.9
1968	48,689	3,839	7.9
1969	50,484	3,662	7.3
1970	47,954	2,988	6.2
1971	51,332	4,750	9.3
1972	57,438	6,563	11.4
1973	53,175	5,651	10.6
1974	40,290	3,381	8.4
1975	38,120	3,686	9.7
1976	44,880	6,801	15.2
1977	46,316	6,026	13.0
1978	45,014	7,232	16.4
1979	46,980R	8,005R	17.0R
1980	53,690R	8,200	15.3R
1981	56,803	7,470	13.2
1982	65,481	7,572	11.6

NOTE: "Average" Value Assets are an average of values at the beginning of the year and at the end of the year.

R—Revised

MUTUAL FUND NET NEW MONEY FLOW RELATED TO NET NEW MONEY FLOW FROM INDIVIDUALS TO SAVINGS AND INVESTMENT VEHICLES

(Dollar Figures in Billions)

Year	Net New Money To Savings and Investment Vehicles[1]	Net New Money To Mutual Funds[2]	Mutual Funds Net New Money as a Percent Of Total
1960	$ 32.5	$ 1.3	4.0%
1965	59.0	2.4	4.1
1970	78.8	1.6	2.0
1975	171.7R	0.5	0.3
1980	337.5R	31.4R	9.3R
1981	355.2R	109.6R	30.9R
1982	348.0	36.6	10.5

[1]From the "FRB Study of the Volume and Composition of Individuals' Savings" as reported in the Statistical Bulletins. Items selected are currency and deposits (including miscellaneous financial assets), savings share, securities, private insurance and pension reserves, and government insurances and pension reserves.

[2]Investment Company Institute members, including money market funds.
R—Revised P—Preliminary

MUTUAL FUNDS' DISTRIBUTIONS TO SHAREHOLDERS, 1965–1982
EQUITY, BOND, AND INCOME FUNDS

(In Millions of Dollars)

Year	Distributions From Net Investment Income	Distributions From Net Realized Capital Gains
1965	$ 797.3	$ 939.8
1966	875.1	1,318.5
1967	962.0	1,689.6
1968	1,014.1	2,400.0
1969	1,181.7	2,536.5
1970	1,414.1	922.1
1971	1,330.7	775.5
1972	1,286.6	1,402.6
1973	1,300.2	943.3
1974	1,553.2	484.3
1975	1,449.1	219.2
1976	1,580.0	470.9
1977	1,789.7	634.8
1978	2,116.0	710.6
1979	2,451.4R	929.9
1980	2,669.0R	1,774.2R
1981	3,143.0R	2,697.2
1982	3,832.9	2,350.1

R—Revised

SALES AND REINVESTED DIVIDENDS BY FUND CHARACTERISTICS 1979–1980

(In Millions of Dollars)

1979	Total Sales	Total Reinvested Dividends	Sales less Reinvested Dividends
Total	**$6,826.3**	**$1,531.1**	**$5,295.2**
Method of Distribution			
Broker Dealer	2,883.2	748.4	2,134.8
Direct Sellers	903.8	386.5	517.3
No-Load	3,034.2R	391.1R	2,643.1R
Other	5.1	5.1	0.0
Investment Objective			
Aggressive Growth	687.5	51.3	636.2
Growth	1,171.5	309.6	861.9
Growth-&-Income	1,062.7	436.9	625.8
Balanced	164.8	132.4	32.4
Income	644.8	199.8	445.0
Bond	1,273.2	256.3	1,016.9
Municipal Bond	1,711.1R	127.3R	1,583.8R
Option Income	110.7	17.5	93.2
1980			
Total	**$9,993.7**	**$1,856.8**	**$8,136.9**
Method of Distribution			
Broker Dealer	4,831.9	905.5	3,926.4
Direct Sellers	1,070.7	416.1	654.6
No-Load	4,087.1	531.2	3,555.9
Other	4.0	4.0	0.0
Investment Objective			
Aggressive Growth	1,635.6	111.4	1,524.2
Growth	2,048.6	400.4	1,648.2
Growth-&-Income	1,762.9	466.0	1,296.9
Balanced	156.0	123.8	32.2
Income	815.8	228.4	587.4
Bond	1,680.4	335.3	1,345.1
Municipal Bond	1,756.6	168.7	1,587.9
Option Income	137.8	22.8	115.0

R—Revised

SALES AND REINVESTED DIVIDENDS BY FUND CHARACTERISTICS 1981–1982

(In Millions of Dollars)

1981	Total Sales	Total Reinvested Dividends	Sales less Reinvested Dividends
Total	**$ 9,710.4**	**$2,277.7R**	**$ 7,432.7R**
Method of Distribution			
Broker Dealer	5,051.5	1,127.2	3,924.3
Direct Sellers	1,379.5	554.5	825.0
No-Load	3,266.9	590.9	2,676.0
Other	12.5	6.3	6.2
Investment Objective			
Aggressive Growth	1,525.8	110.3	1,415.5
Growth	2,163.8	504.7R	1,659.1R
Growth-&-Income	2,060.6	559.9	1,500.7
Balanced	167.6	141.0R	26.6R
Income	659.3	257.2R	402.1R
Bond	1,453.2	444.8	988.4
Municipal Bond	1,547.2	204.4	1,342.8
Option Income	132.9	35.5	97.4
1982			
Total	**$15,738.3**	**$2,628.5**	**$13,109.8**
Method of Distribution			
Broker Dealer	8,347.3	1,354.4	6,992.9
Direct Sellers	1,997.8	532.0	1,465.8
No-Load	5,388.0	736.9	4,651.1
Other	5.2	5.2	0.0
Investment Objective			
Aggressive Growth	2,508.8	169.8	2,339.0
Growth	2,890.3	463.0	2,427.3
Growth-&Income	2,640.7	685.3	1,955.4
Balanced	169.5	126.1	43.4
Income	1,049.0	291.7	757.3
Bond	2,639.2	542.5	2,096.7
Municipal Bond	3,486.6	314.4	3,172.2
Option Income	354.2	35.7	318.5

R—Revised

SALES AND REDEMPTIONS OF EQUITY, BOND, AND INCOME FUNDS BY FUND CHARACTERISTICS

(In Millions of Dollars)

	1980		1981		1982	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
SALES	**$9,993.7**	**100.0%**	**$9,710.4**	**100.0%**	**$15,738.3**	**100.0%**
Type of Sale:						
Regular Single Payment	5,721.0	57.2	5,271.1	54.3	12,860.3*	81.7*
Voluntary Accumulation Plan	2,324.6	23.3	2,070.9	21.3	—	—
Contractual Accumulation Plan	88.2	0.9	82.7	0.8	239.0	1.5
Contractual Single Payment	3.1	0.0	8.0	0.1	10.6	0.1
Reinvested Investment Income	1,856.8	18.6	2,277.7	23.5	2,628.4	16.7
Method of Distribution:						
Broker-Dealer	4,831.9	48.4	5,050.9R	52.0	8,347.3	53.1
Direct Sellers	1,070.7	10.7	1,379.8R	14.2	1,997.8	12.7
No-Load	4,807.1	40.9	3,266.8R	33.7	5,388.0	34.2
Other	4.0	0.0	12.8R	0.1	5.2	0.0
Investment Objective:						
Aggressive Growth	1,635.6	16.4	1,525.8	15.7	2,508.8	15.9
Growth	2,048.6	20.5	2,163.7R	22.3	2,890.3	18.4
Growth-&-Income	1,762.9	17.6	2,606.5R	21.2	2,640.7	16.8
Balanced	156.0	1.5	167.6	1.7	169.5	1.1
Income	815.8	8.2	659.6R	6.8	1 049.0	6.7
Bond	1,680.4	16.8	1,453.2	15.0	2,639.2	16.8
Municipal Bond	1,756.6	17.6	1,547.1R	15.9	3,486.6	22.1
Option Income	137.8	1.4	132.9	1.4	354.2	2.2
REDEMPTIONS	**$8,200.1**	**100.0%**	**$7,470.4R**	**100.0%**	**$ 7,571.8**	**100.0%**
Type of Redemption:						
Regular Account	7,757.8	94.6	7,091.7	94.9		
Contractual Account	442.3	5.4	377.9	5.1		
Method of Distribution:						
Broker-Dealer	3,895.7	47.5	3,721.7R	49.8	4,086.4	54.0
Direct Sellers	1,250.6	15.3	1,092.5R	14.6	1,047.1	13.8
No-Load	2,979.9	36.3	2,562.6R	34.3	2,314.4	30.6
Other	73.9	0.9	93.6R	1.3	123.9	1.6
Investment Objective:						
Aggressive Growth	1,099.5	13.4	1,135.7R	15.2	1,030.7	13.6
Growth	2,090.4	25.5	1,880.7R	25.2	1,996.5	26.4
Growth-&-Income	2,035.0	24.8	1,736.0R	23.2	1,848.8	24.4
Balanced	453.6	5.5	389.6	5.2	320.3	4.2
Income	617.9	7.6	651.7R	8.7	655.1	8.7
Bond	836.8	10.2	787.5R	10.6	927.2	12.2
Municipal Bond	984.2	12.0	785.3	10.5	696.5	9.2
Option Income	82.7	1.0	103.9R	1.4	96.7	1.3

*Includes voluntary accumulation plan sales.

R—Revised

SALES OF MUTUAL FUNDS BY INVESTMENT OBJECTIVE WITHIN METHOD OF DISTRIBUTION
1976–1982

(In Millions of Dollars)

	Aggressive Growth	Growth	Growth-& Income	Balanced	Income	Bond	Municipal Bond	Option Income	Total
					Broker-Dealer				
1976	$ 144.3	527.0	$ 717.5	$ 76.4	$300.4	$ 397.1	$ 166.1	$ —	$2,328.8
1977	238.7	352.0	627.0	45.2	411.3	453.8	179.5	289.1	2,596.6
1978	175.8	496.8	707.7	120.2	359.8	842.3	154.5	139.5	2,996.6
1979	184.0	545.0	699.1	45.9	344.1	812.3	157.9	94.9	2,883.2
1980	578.2	960.5	1,257.7	51.0	426.6	1,022.1	405.3	130.5	4,831.9
1981	823.7	1,042.7R	1,510.0R	62.4R	346.9R	849.0R	291.2R	125.0	5,050.9R
1982	1,580.7	1,466.0	1,717.5	51.6	581.7	1,544.3	1,083.6	321.9	8,347.3
					Direct Sellers				
1976	43.8	148.3	204.8	86.4	89.8	211.9	3.4	—	788.4
1977	32.1	128.2	185.6	82.8	109.3	314.7	69.2	—	921.9
1978	29.5	112.2	171.4	78.3	114.8	321.2	72.8	—	900.2
1979	40.5	112.3	134.3	78.2	126.6	320.1	91.8	—	903.8
1980	73.3	172.5	109.8	63.3	116.5	399.9	135.4	—	1,070.7
1981	145.9R	283.3R	145.4R	62.8R	386.4R	103.4	252.6R	—	1,379.8R
1982	166.6	362.7	131.3	65.0	111.5	563.7	597.0	—	1,997.8
					No-Load				
1976	93.4	325.2	46.0	20.6	66.9	133.3	306.0	—	991.4
1977	136.8	348.2	137.7	40.7	112.2	214.5	1,807.4	—	2,797.5
1978	274.9	404.9	179.2	40.2	175.3	143.6	1,585.5	0.7	2,804.3
1979	462.7	513.6	225.2	40.8	174.2	140.6	2,100.6	15.8	3,673.5
1980	983.6	915.0	392.4	41.8	272.6	258.2	1,216.2	7.3	4,087.1
1981	548.6	837.1	400.4R	42.4R	209.2R	217.9R	1,003.3	7.9R	3,266.8R
1982	761.7	1,060.9	787.6	52.6	355.9	531.7	1,805.6	32.0	5,388.0

Total Sales Figures Exclude:

(A) Reinvestment of capital gains distributions. (B) Sales due to conversions (exchanges) from one fund to another in the same group. (C) Redeposits under single contractual plans. (D) Other miscellaneous sources of share issue-mergers and acquisitions, etc.

R—Revised

REDEMPTIONS OF MUTUAL FUNDS BY INVESTMENT OBJECTIVE WITHIN METHOD OF DISTRIBUTION
1976–1982
(In Millions of Dollars)

	Aggressive Growth	Growth	Growth-& Income	Balanced	Income	Bond	Municipal Bond	Option Income	Total
				Broker-Dealer					
1976	$243.8	$1,439.1	$1,939.4	$255.0	$363.1	$192.7	$ 9.6	$ —	4,442.7
1977	251.3	1,074.1	1,266.5	135.9	289.4	216.3	26.6	9.6	3,269.7
1978	287.4	1,140.2	1,348.5	196.3	301.2	271.5	70.4	68.6	3684.1
1979	270.4	1,186.4	1,438.5	150.9	317.3	396.7	84.4	76.4	3,921.0
1980	351.5	1,064.6	1,375.4	111.2	251.2	515.2	146.7	79.9	3,895.7
1981	380.6R	935.6R	1,174.9R	114.9R	346.2R	526.4R	146.9R	96.2R	3,721.7R
1982	634.6	1,027.8	1,200.6	98.2	324.8	580.8	144.6	75.0	4,086.4
				Direct Sellers					
1976	76.0	347.9	543.6	260.3	96.3	58.4	—	—	1,382.5
1977	70.1	290.7	340.4	196.0	81.2	84.3	3.4	—	1,066.1
1978	74.5	285.6	350.5	181.9	93.4	128.0	18.2	—	1,132.1
1979	83.4	297.2	416.2	233.6	160.5	188.6	31.0	—	1,410.5
1980	75.5	264.4	333.1	216.7	153.9	173.4	33.6	—	1,250.6
1981	98.6R	229.5R	243.4R	172.2R	124.2R	157.3R	68.3R	—	1,092.5R
1982	104.7	213.9	197.5	139.3	123.2	186.6	81.9	—	1,047.1
				No-Load					
1976	98.1	533.4	107.3	51.1	39.7	37.6	14.7	—	881.9
1977	147.6	589.9	159.4	110.4	66.2	92.9	449.1	—	1,615.5
1978	252.0	619.3	159.7	114.0	106.3	114.5	970.6	0.3	2,336.7
1979	416.5	725.8	236.9	132.2	148.5	93.4	1,191.8	4.9	2,950.0
1980	667.9	750.5	267.2	125.7	213.2	148.6	804.0	0.3	2,979.9
1981	643.5R	703.0R	250.5R	102.5	181.4R	103.8	570.1R	7.8R	2,562.6R
1982	288.5	741.3	342.3	82.7	207.7	159.8	470.4	21.7	2,314.4

R—Revised

INVESTOR PURCHASES OF EQUITY, BOND, AND INCOME FUND SHARES BY STATES AND GEOGRAPHICAL REGIONS
BY METHOD OF DISTRIBUTION

YEAR, 1982
(In Thousands of Dollars)

	BROKER-DEALERS	DIRECT SELLERS	NO-LOAD	TOTAL
New England	**$1,434,623**	**$195,609**	**$728,237**	**$2,358,469**
Connecticut	495,377	106,580	186,038	787,995
Maine	25,516	7,745	17,279	50,540
Massachusetts	820,399	58,073	468,970	1,347,442
New Hampshire	33,960	7,913	26,210	68,083
Rhode Island	34,423	8,923	19,432	62,778
Vermont	24,948	6,375	10,308	41,631
Middle Atlantic	**$1,356,104**	**$297,963**	**$1,320,966**	**$2,975,033**
New Jersey	140,086	54,756	211,475	406,317
New York	814,501	115,072	776,789	1,706,362
Pennsylvania	401,517	128,135	332,702	862,354
East North Central	**$986,687**	**$384,181**	**$959,669**	**$2,330,537**
Illinois	274,855	100,129	402,589	777,573
Indiana	92,912	37,175	51,543	181,630
Michigan	255,593	97,597	124,439	477,629
Ohio	218,684	110,578	323,415	652,677
Wisconsin	144,643	38,702	57,683	241,028
West North Central	**$ 652,171**	**$354,166**	**$ 308,953**	**$1,315,290**
Iowa	$80,245	59,982	36,457	176,684
Kansas	104,974	54,435	29,285	188,694
Minnesota	160,124	121,353	100,421	381,898
Missouri	234,050	64,928	114,765	413,743
Nebraska	50,046	26,683	19,863	96,592
North Dakota	9,517	8,318	4,593	22,428
South Dakota	13,215	18,467	3,569	35,251
South Atlantic	**$1,431,583**	**$184,762**	**$734,508**	**$2,350,853**
Delaware	18,252	2,248	33,713	54,213
District of Columbia	112,811	3,051	45,935	161,797
Florida	640,864	72,347	218,142	931,353
Georgia	269,483	22,345	52,506	344,334
Maryland	127,469	17,350	178,378	323,197
North Carolina	94,678	17,784	68,030	180,492
South Carolina	39,001	7,813	24,366	71,180
Virginia	105,044	31,255	104,778	241,077
West Virginia	23,981	10,569	8,660	43,210

INVESTOR PURCHASES OF EQUITY, BOND, AND INCOME FUND SHARES BY STATES AND GEOGRAPHICAL REGIONS
BY METHOD OF DISTRIBUTION

YEAR, 1982

(In Thousands of Dollars)

	BROKER-DEALERS	DIRECT SELLERS	NO-LOAD	TOTAL
East South Central	**$180,483**	**$59,241**	**$102,282**	**$342,006**
Alabama	41,296	15,338	25,307	81,941
Kentucky	58,287	8,483	31,153	97,923
Mississippi	15,760	8,340	10,333	34,433
Tennessee	65,140	27,080	35,489	127,709
West South Central	**$357,163**	**$117,218**	**$293,910**	**$968,291**
Arkansas	37,569	22,313	17,794	77,676
Louisiana	77,953	8,527	27,713	114,193
Oklahoma	32,124	17,243	17,934	67,301
Texas	409,517	69,135	230,469	709,121
Mountain	**$479,826**	**$106,194**	**$135,466**	**$721,486**
Arizona	124,382	27,639	45,372	197,393
Colorado	202,389	30,226	44,992	277,607
Idaho	33,899	10,706	6,919	51,524
Montana	20,849	14,032	4,297	39,178
Nevada	8,703	2,767	9,200	20,670
New Mexico	36,092	9,991	12,835	58,918
Utah	42,938	5,166	8,336	56,440
Wyoming	10,574	5,667	3,515	19,756
Pacific	**$1,293,451**	**$268,853**	**$673,384**	**$2,235,688**
Alaska	11,411	963	2,824	15,198
California	988,023	170,177	541,477	1,699,677
Hawaii	25,769	4,392	7,402	37,563
Oregon	63,312	38,897	37,707	139,916
Washington	204,936	54,424	83,974	343,334
U.S. Territories & Possessions	**$ 15,118**	**$ 565**	**$ 10,977**	**$ 26,660**
Canada	**$ 1,536**	**$ 13,877**	**$ 840**	**$ 16,253**
Other Countries	**$ 17,283**	**$ 17,317**	**$ 60,932**	**$ 95,532**
TOTALS	**$8,406,028**	**$1,999,846**	**$5,330,124**	**$15,736,098**

INVESTOR PURCHASES OF EQUITY, BOND, AND INCOME FUND SHARES BY STATES AND GEOGRAPHICAL REGIONS
BY METHOD OF DISTRIBUTION

YEAR, 1982
(Percentage of Total)

	BROKER-DEALERS	DIRECT SELLERS	NO-LOAD	TOTAL
New England	**17.06%**	**9.78%**	**13.66%**	**14.99%**
Connecticut	5.89	5.33	3.49	5.01
Maine	0.30	0.39	0.32	0.32
Massachusetts	9.76	2.90	8.80	8.56
New Hampshire	0.40	0.39	0.49	0.43
Rhode Island	0.41	0.45	0.37	0.40
Vermont	0.30	0.32	0.19	0.27
Middle Atlantic	**16.13%**	**14.90%**	**24.78%**	**18.90%**
New Jersey	1.66	2.74	3.97	2.58
New York	9.69	5.75	14.57	10.84
Pennsylvania	4.78	6.41	6.24	5.48
East North Central	**11.74%**	**19.21%**	**18.00%**	**14.81%**
Illinois	3.27	5.01	7.55	4.94
Indiana	1.11	1.86	0.97	1.15
Michigan	3.04	4.88	2.33	3.04
Ohio	2.60	5.53	6.07	4.15
Wisconsin	1.72	1.93	1.08	1.53
West North Central	**7.76%**	**17.71%**	**5.80%**	**8.36%**
Iowa	0.95	3.00	0.68	1.12
Kansas	1.25	2.72	0.55	1.20
Minnesota	1.90	6.07	1.89	2.43
Missouri	2.79	3.25	2.15	2.63
Nebraska	0.60	1.33	0.37	0.61
North Dakota	0.11	0.42	0.09	0.14
South Dakota	0.16	0.92	0.07	0.23
South Atlantic	**17.03%**	**9.24%**	**13.78%**	**14.94%**
Delaware	0.22	0.11	0.63	0.34
District of Columbia	1.34	0.15	0.86	1.03
Florida	7.62	3.62	4.09	5.92
Georgia	3.21	1.12	0.98	2.19
Maryland	1.52	0 87	3.35	2.05
North Carolina	1.13	0.8	1.28	1.15
South Carolina	0.46	0.39	0.46	0.45
Virginia	1.25	1.56	1.97	1.53
West Virginia	0.28	0.53	0.16	0.28

INVESTOR PURCHASES OF EQUITY, BOND, AND INCOME FUND SHARES BY STATES AND GEOGRAPHICAL REGIONS
BY METHOD OF DISTRIBUTION

YEAR, 1982
(Percentage of Total)

	BROKER-DEALERS	DIRECT SELLERS	NO-LOAD	TOTAL
East South Central	**2.15%**	**2.96%**	**1.92%**	**2.17%**
Alabama	0.49	0.77	0.47	0.52
Kentucky	0.69	0.42	0.59	0.62
Mississippi	0.19	0.42	0.19	0.22
Tennessee	0.78	1.35	0.67	0.81
West South Central	**6.63%**	**5.86%**	**5.51%**	**6.15%**
Arkansas	0.45	1.11	0.33	0.49
Louisiana	0.93	0.43	0.52	0.73
Oklahoma	0.38	0.86	0.34	0.43
Texas	4.87	3.46	4.32	4.50
Mountain	**5.71%**	**5.31%**	**2.54%**	**4.59%**
Arizona	1.48	1.38	0.85	1.26
Colorado	2.41	1.51	0.84	1.76
Idaho	0.40	0.54	0.13	0.33
Montana	0.25	0.70	0.08	0.25
Nevada	0.10	0.14	0.17	0.13
New Mexico	0.43	0.50	0.24	0.37
Utah	0.51	0.26	0.16	0.36
Wyoming	0.13	0.28	0.07	0.13
Pacific	**15.39%**	**13.44%**	**12.63%**	**14.21%**
Alaska	0.14	0.05	0.05	0.10
California	11.75	8.51	10.16	10.80
Hawaii	0.31	0.22	0.14	0.24
Oregon	0.75	1.94	0.71	0.89
Washington	2.44	2.72	1.57	2.18
U.S. Territories & Possessions	**0.18%**	**0.03%**	**0.21%**	**0.17%**
Canada	**0.02%**	**0.69%**	**0.02%**	**0.10%**
Other Countries	**0.20%**	**0.87%**	**1.15%**	**0.61%**
TOTALS	**100.0%**	**100.0%**	**100.0%**	**100.0%**

TOTAL PURCHASES, TOTAL SALES AND NET PURCHASES OF PORTFOLIO SECURITIES BY MUTUAL FUNDS

Annually, 1963–1982

(In Millions of Dollars)

Year	Total Purchases	Total Sales	Net Purchases
1963	$ 4,362.5	$ 3,602.7	$ 759.9
1964	5,339.7	4,257.2	1,082.5
1965	7,571.0	6,001.8	1,569.2
1966	11,519.5	10,166.8	1,352.8
1967	16,317.8	14,821.4	1,496.4
1968	22,012.5	20,104.5	1,908.0
1969	24,914.9	22,255.5	2,659.4
1970	20,405.0	18,588.5	1,816.5
1971	25,360.2	24,793.8	566.4
1972	24,467.6	25,823.6	(1,356.1)
1973	19,706.6	21,902.0	(2,196.4)
1974	12,299.7	12,213.5	86.2
1975	15,396.9	15,511.4	(114.5)
1976	15,348.2	16,881.2	(1,533.0)
1977	18,168.0	19,420.7	(1,252.7)
1978	20,945.6	23,069.7	(2,124.1)
1979	22,412.1	23,702.5	(1,290.4)
1980	32,987.2	32,080.6	906.6
1981	36,161.7R	33,709.2R	2,452.5R
1982	55,682.0	47,920.7	7,761.3

NOTE: Parentheses indicate net sales.

R—Revised

TOTAL PURCHASES, TOTAL SALES AND NET PURCHASES OF COMMON STOCKS BY MUTUAL FUNDS

Annually, 1963–1982

(In Millions of Dollars)

Year	Total Purchases	Total Sales	Net Purchases
1963	$ 4,010.1	$ 3,232.4	$ 777.7
1964	4,768.1	3,884.5	883.7
1965	6,530.1	5,166.2	1,363.9
1966	10,363.5	9,319.9	1,043.6
1967	14,926.0	13,325.5	1,600.5
1968	20,101.9	18,495.5	1,606.4
1969	22,059.4	19,852.5	2,206.9
1970	17,127.6	15,900.8	1,266.9
1971	21,557.7	21,175.1	382.5
1972	20,943.5	22,552.8	(1,609.4)
1973	15,560.7	17,504.4	(1,943.7)
1974	9,085.3	9,372.1	(286.8)
1975	10,948.7	11,902.3	(953.6)
1976	10,729.1	13,278.3	(2,549.2)
1977	8,704.7	12,211.3	(3,506.6)
1978	12,832.9	14,454.7	(1,621.8)
1979	13,089.0	15,923.0	(2,834.0)
1980	19,893.8	21,799.9	(1,906.1)
1981	20,859.4R	21,278.3R	(418.6)R
1982	27,397.2	24,939.6	2,457.6

NOTE: Parentheses indicate net sales.

R—Revised

TOTAL PURCHASES, TOTAL SALES AND NET PURCHASES OF SECURITIES OTHER THAN COMMON STOCKS BY MUTUAL FUNDS

Annually, 1963–1982

(In Millions of Dollars)

Year	Total Purchases	Total Sales	Net Purchases
1963	$ 352.4	$ 370.3	$ (17.9)
1964	571.6	372.8	198.8
1965	1,040.9	835.7	205.3
1966	1,156.1	846.9	309.2
1967	1,391.8	1,495.9	(104.1)
1968	1,910.6	1,609.0	301.6
1969	2,855.5	2,403.0	452.5
1970	3,277.4	2,687.7	589.7
1971	3,802.5	3,618.6	183.9
1972	3,524.1	3,270.9	253.3
1973	4,145.9	4,398.7	(252.8)
1974	3,214.4	2,841.4	373.0
1975	4,448.2	3,609.1	839.1
1976	4,619.1	3,602.9	1,016.2
1977	9,463.3	7,209.4	2,253.9
1978	8,112.7	8,615.0	(502.3)
1979	9,323.1	7,779.5	1,543.6
1980	13,093.4	10,280.7	2,812.7
1981	15,302.0R	12,430.9R	2,871.1R
1982	28,284.8	22,981.1	5,303.7

NOTE: Parentheses indicate net sales.

R—Revised

PORTFOLIO PURCHASES AND SALES BY FUND CHARACTERISTICS

(In Millions of Dollars)

	1980		1981R		1982	
	Purchases	Sales	Purchases	Sales	Purchases	Sales
ALL SECURITIES	**$32,987.2**	**$32,080.6**	**$36,161.7**	**$33,709.2**	**$55,682.0**	**$47,920.7**
Method of Distribution:						
Broker-Dealer	17,043.6	16,928.3	19,167.9	18,184.9	27,443.7	23,843.3
Direct Selling	5,606.0	6,141.4	5,217.6	5,116.9	10,688.3	9,506.0
No-Load	10,101.3	8,774.5	11,367.5	10,127.9	14,470.0	14,483.8
Other*	236.3	236.4	408.7	279.5	80.0	87.6
Investment Objective:						
Aggressive Growth	3,578.3	3,151.4	4,818.9	3,966.1	8,073.7	6,688.9
Growth	8,373.3	8,764.1	8,791.3	8,770.5	11,193.0	10,252.6
Growth-&-Income	7,084.8	8,024.7	7,370.5	7,301.0	10,768.7	10,498.3
Balanced	1,637.0	2,089.9	1,759.9	1,997.2	2,638.4	2,708.7
Income	2,941.8	2,826.5	3,357.1	3,319.7	4,600.1	4,262.1
Bond	5,971.2	4,590.2	5,790.1	4,898.9	10,908.8	8,868.2
Municipal Bond	2,729.8	1,987.7	3,779.5	2,992.2	6,597.6	4,100.7
Option Income	671.0	646.1	494.4	463.6	901.7	541.2
COMMON STOCK ONLY	**$19,893.8**	**$21,799.9**	**$20,859.7**	**$21,278.3**	**$27,397.2**	**$24,939.6**
Method of Distribution:						
Broker-Dealer	10,300.2	11,321.8	10,961.2	11,206.6	14,301.1	12,685.8
Direct Selling	3,280.3	4,590.7	2,935.4	3,592.2	4,395.0	4,619.2
No-Load	6,082.0	5,652.1	6,586.6	6,232.6	8,633.3	7,547.3
Other*	231.3	235.3	376.5	246.9	67.9	87.3
Investment Objective:						
Aggressive Growth	3,388.6	2,950.2	4,216.1	3,513.6	6,281.1	4,956.2
Growth	7,995.5	8,511.1	8,231.8	8,384.4	9,876.8	8,953.5
Growth-&-Income	5,834.8	6,954.9	6,227.9	6,468.6	8,171.3	8,253.8
Balanced	847.5	1,353.2	731.4	1,105.5	758.9	947.3
Income	1,097.7	1,328.6	860.2	1,210.7	1,267.4	1,186.9
Bond	85.3	127.7	107.0	146.6	150.7	108.6
Municipal Bond	0.0	0.0	0.0	0.0	0.0	0.0
Option Income	644.4	574.2	485.3	448.8	891.1	533.3

*Exchange funds and others not currently offering shares

R—Revised

SALES DUE TO EXCHANGES BY INVESTMENT OBJECTIVE

Annually, 1980–1982

(In Millions of Dollars)

Investment Objective	1980	1981R	1982R
Aggressive Growth	$ 787.3	$1,277.6	$ 1,775.1
Growth	1,365.0	1,480.6	1,552.6
Growth-&-Income	934.2	2,281.9	4,934.5
Balanced	5.4	2.8	7.3
Income	230.1	181.5	347.3
Bond	540.7	502.3	875.9
Municipal Bond	648.6	758.5	1,582.4
Option Income	8.2	4.0	19.1
Limited Maturity Municipal Bond	208.3	296.3	1,044.0
Money Market	5,370.7	7,653.7	16,110.2

REDEMPTIONS DUE TO EXCHANGES BY INVESTMENT OBJECTIVE

Annually, 1980–1982

(In Millions of Dollars)

Investment Objective	1980	1981R	1982R
Aggressive Growth	$ 856.2	$1,307.0	$ 1,604.2
Growth	1,591.3	1,893.4	1,621.3
Growth-&-Income	1,308.4	2,808.8	5,312.0
Balanced	114.2	117.0	67.7
Income	299.6	316.9	339.5
Bond	465.3	501.7	663.5
Municipal Bond	784.9	809.6	1,067.1
Option Income	11.9	11.7	13.0
Limited Maturity Municipal Bond	130.9	260.7	554.6
Money Market	4,378.7	6,563.2	16,612.6

NET SALES DUE TO EXCHANGES BY INVESTMENT OBJECTIVE

Annually, 1980–1982

(In Millions of Dollars)

Investment Objective	1980	1981R	1982R
Aggressive Growth	$ (68.9)	$ (29.4)	$ 170.9
Growth	(226.3)	(412.8)	(68.7)
Growth-&-Income	(374.2)	(526.9)	(377.5)
Balanced	(108.8)	(114.2)	(60.4)
Income	(69.5)	(134.4)	7.8
Bond	75.4	0.6	212.4
Municipal Bond	(136.3)	(51.1)	515.3
Option Income	(3.7)	(7.7)	6.1
Limited Maturity Municipal Bond	77.4	35.6	489.4
Money Market	992.0	1,090.4	(502.4)

R—Revised

MONEY MARKET FUNDS*

(In Millions of Dollars)

Year End	Total Sales	Total Redemptions	Total Net Sales	Total Number Of Funds	Total Accounts Outstanding	Average Maturity (Days)	Total Net Assets
1974	$ 2,232.0R	$ 556.0	$ 1,676.0R	15	n.a.	n.a.	$ 1,715.1
1975	6,748.7R	5,883.9R	864.0R	36	208,777	93	3,695.7
1976	9,360.9	9,609.2	(248.3)	48	180,676	110	3,685.8
1977	10,673.0	10,662.7	10.3	50	177,522	76	3,887.7
1978	30,452.2	24,294.5	6,157.8	61	467,803	42	10,858.0
1979	111,855.1	78,363.4	33,491.7	76	2,307,852	34	45,214.2
1980	232,172.8R	204,068.5R	28,104.5R	96	4,745,572	24	74,447.7
1981	451,889.5R	346,701.5R	105,188.0R	159	10,282,095	34	181,910.4
1982	581,730.7	559,879.2	21,851.5	281	13,101,347	37	206,607.5

*A small percentage of funds report assets and liquid assets but not sales and redemptions. In the interest of comparability, these latter two sets of figures have been adjusted upward.

R—Revised

MONEY MARKET FUND ASSETS

(In Thousands of Dollars)

	Total	General Purpose	Broker/ Dealer	Institutional
1977				
January	$ 3,834,459	$ 2,442,237	$ 534,612	$ 857,610
February	3,786,324	2,423,841	526,617	835,866
March	3,760,842	2,400,028	524,949	835,865
April	3,688,100	2,329,989	508,776	849,335
May	3,598,811	2,219,358	517,594	861,859
June	3,443,307	2,109,132	508,203	825,972
July	3,430,896	2,053,071	532,409	845,416
August	3,452,279	2,056,896	564,994	830,389
September	3,463,136	1,981,592	600,768	880,776
October	3,561,806	2,026,299	637,929	897,578
November	3,731,295	2,061,958	711,634	957,703
December	3,887,713	2,068,262	773,152	1,046,299
1978				
January	$ 4,586,259	$ 2,339,359	$ 969,029	$1,277,871
February	4,978,025	2,438,293	1,067,028	1,472,704
March	5,619,872R	2,594,983	1,232,028R	1,792,861
April	5,987,509	2,613,433	1,320,815	2,053,261
May	6,590,660	2,764,661	1,530,220	2,295,779
June	6,959,072	2,872,495	1,663,228	2,423,349
July	7,486,994	2,993,979	1,887,892	2,605,123
August	8,143,735	3,058,392	2,224,463	2,860,880
September	8,559,796	3,177,708	2,473,836	2,908,252
October	9,163,418	3,485,619	2,781,225	2,896,574
November	9,668,296	3,686,103	3,049,793	2,932,400
December	10,857,954	3,872,384	3,657,805	3,327,765
1979				
January	$ 13,355,818	$ 4,420,914	$ 5,041,290	$ 3,893,614
February	15,606,818	5,062,178	6,140,038	4,404,602
March	18,020,831	5,594,691	7,218,458	5,207,682
April	20,296,184	6,228,085	8,259,530	5,808,569
May	23,245,530	7,039,847	9,718,149	6,487,534
June	25,914,987	7,492,280	11,257,315	7,165,392
July	30,010,980	8,394,955	13,522,395	8,093,630
August	32,467,294	9,157,937	15,178,647	8,130,710
September	34,899,902	9,943,508	16,810,027	8,146,367
October	38,817,889	11,178,834	19,221,444	8,417,611
November	41,982,874	11,788,838	21,233,470	8,960,566
December	45,214,166	12,651,473	22,894,112	9,668,581

R—Revised

MONEY MARKET FUND ASSETS

(In Thousands of Dollars)

	Total	General Purpose	Broker/ Dealer	Institutional
1980				
January	$ 53,053,721	$14,165,119	$27,961,559	$10,927,043
February	60,303,669	16,107,424	32,323,309	11,872,936
March	60,535,658	16,892,721	32,192,209	11,450,728
April	60,726,649	17,219,057	31,540,546	11,967,046
May	70,013,646	19,586,491	35,178,910	15,248,245
June	76,168,424	21,036,493	37,187,010	17,944,921
July	80,624,317	22,071,688	38,966,370	19,586,259
August	79,309,035	21,732,989	39,769,532	17,806,514
September	77,431,775	21,493,791	39,728,775	16,209,209
October	77,467,785	21,782,900	40,654,957	15,029,928
November	76,458,979	21,605,381	40,530,501	14,323,097
December	74,447,699	21,717,614	38,987,976	13,742,109
1981				
January	$ 84,974,126	$24,313,853	44,891,267	$15,769,006
February	96,699,487	27,434,889	50,966,137	18,298,461
March	111,544,415	30,927,719	59,279,296	21,337,400
April	118,392,046	33,892,442	63,597,405	20,902,199
May	117,913,527	35,260,726	63,325,273	19,327,528
June	126,507,991	37,980,311	67,744,358	20,783,322
July	139,389,131	42,592,977	74,234,489	22,561,665
August	149,429,287	46,410,808	78,826,824	24,191,655
September	160,839,979	49,650,309	83,400,928	27,788,742
October	169,576,477	52,036,516	87,485,670	30,054,291
November	181,636,314	54,240,432	93,690,962	33,704,920
December	181,910,360	55,782,229	93,697,125	32,431,006
1982				
January	$187,202,446	57,831,046	97,646,161	31,725,239
February	186,307,172	58,984,576	96,058,193	31,264,403
March	191,470,704	60,654,962	99,568,439	31,247,303
April	192,225,693	60,980,342	99,498,533	31,746,818
May	200,668,391	63,969,464	102,460,571	34,238,356
June	201,849,450	66,207,434	102,944,300	32,695,716
July	213,365,037	68,715,445	105,933,133	38,716,459
August	227,282,218	71,502,826	111,829,622	43,949,770
September	223,620,494	71,303,333	110,307,319	42,009,842
October	230,007,484	72,309,056	113,230,006	44,468,422
November	232,145,911	73,503,841	113,766,385	44,875,685
December	206,607,524	67,130,705	100,019,373	39,457,446

MONEY MARKET FUND
SHAREHOLDER ACCOUNTS BY TYPE OF FUND

	General Purpose	Broker/ Dealer	Institutional	Total
1980				
January	958,517	1,653,873	137,070	2,749,460
February	940,206	1,873,497	113,258	2,926,961
March	1,168,489R	2,002,059	141,688	3,312,236R
April	1,266,151	2,086,413	157,288	3,509,852
May	1,297,702	2,162,170	164,505	3,624,377
June	1,453,080	2,233,128	169,688	3,855,896
July	1,416,756	2,297,913	184,248	3,898,917
August	1,422,585	2,412,667	176,895	4,012,147
September	1,498,861	2,521,057	173,406	4,193,324R
October	1,533,517	2,451,949	184,201	4,169,667
November	1,577,440	2,604,235	185,069	4,366,744
December	1,838,325	2,720,322	186,925	4,745,572
1981				
January	2,027,794	2,958,024	192,973	5,178,791
February	2,176,484	3,180,516	200,061	5,557,061
March	2,473,338	3,363,346	205,371	6,042,055
April	2,765,014	3,712,758	210,700	6,688,472
May	2,953,350	3,934,718	210,085	7,098,153
June	3,198,632	4,209,338	211,607	7,619,577
July	3,521,362	4,649,579	218,935	8,389,876
August	3,797,056	4,712,864	221,468	8,731,388
September	4,051,857	4,997,783	228,887	9,278,527
October	4,250,610	5,227,316	231,484R	9,709,410R
November	4,327,653	5,431,057	240,572	9,999,282
December	4,507,875	5,527,635	246,585	10,282,095
1982				
January	4,652,057	5,766,007	254,459	10,672,523
February	4,845,944	5,892,148	256,584	10,994,676
March	5,021,280	5,963,158	263,915	11,248,353
April	5,186,793	6,087,227	262,833	11,536,853
May	5,315,595	6,372,108	265,394	11,953,097
June	5,492,488	6,338,850	240,245	12,071,583
July	5,564,298	6,658,739	238,705	12,461,742
August	5,720,386	6,903,310	237,530	12,861,226
September	5,783,350	6,905,146	239,207	12,927,703
October	5,830,207	7,139,428	239,665	13,209,300
November	5,867,058	7,203,273	238,029	13,308,360
December	5,834,845	7,034,965	228,537	13,101,347

R—Revised

MONEY MARKET FUNDS ASSET COMPOSITION
Year-End, 1978–82
(In Millions of Dollars)

	1978	1979	1980	1981	1982
Total Net Assets	$10,858.0	$45,214.2	$74,447.7	$181,910.4	$206,607.5
U.S. Treasury Bills	1,489.3A	1,621.3	2,920.4	19,477.7	37,935.9
Other Treasury Securities	.0	4,020.2A	554.2	2,041.8	4,706.0
Other U.S. Securities	.0	.0	4,753.6	10,369.9	11,972.0
Repurchase Agreements	.0	.0	5,642.8	14,529.0	16,222.1
Commercial Bank CDs(1)	5,293.8B	18,128.4B	19,691.3	39,182.1	35,479.4
Other Domestic CDs(2)	.0	.0	1,330.1	4,683.3	5,310.9
Eurodollar CD(3)	.0	.0	6,769.3	18,846.0	23,758.8
Commercial Paper	2,842.0	14,453.3	25,026.1	56,775.6	50,327.1
Bankers' Acceptances	764.7	4,844.9	6,534.6	13,623.7	18,776.1
Cash Reserves	68.2	67.0	165.9	-549.0	278.3
Other	400.0C	2,079.1C	1,059.4	2,930.3	1,840.9
Average Maturity(4)	42	34	24	34	37
Number of Funds	61	76	96	159	281

(1) Commercial bank CDs are those issued by American banks located in the U.S.
(2) Other Domestic CDs include those issued by S&Ls and American branches of foreign banks.
(3) Eurodollar CDs are those issued by foreign branches of domestic banks and some issued by Canadian banks; this category includes some one day paper.
(4) Maturity of each individual security in the portfolio at end of month weighted by its value.
A. Includes other U.S. securities.
B. Includes other domestic CDs and Eurodollar deposits.
C. Includes repurchase agreements.

FIDUCIARY, BUSINESS AND INSTITUTIONAL INVESTORS OF MUTUAL FUNDS EXCLUDING MONEY MARKET AND SHORT-TERM MUNICIPAL BOND FUNDS

Year	Reporting Companies' Assets (In Millions)	Percent Assets of Total Members' Assets	Reported Institutional Accounts In Force	Reported Value of Holdings (In Millions)	Reported Institutional Holdings as a Percent of Total Net Assets
1954	$ 2,710.9	65.9%	35,821	$ 283.4	10.5%
1956	5,909.8	70.3	61,494	549.8	9.3
1957	7,178.1	79.7	89,559	624.5	8.7
1958	7,478.1	63.4	111,394	793.1	10.6
1959	9,334.8	63.3	165,424	1,133.8	12.1
1960	9,891.6	63.3	219,661	1,171.0	11.8
1961	16,241.8	77.3	282,845	1,686.7	10.4
1962	14,342.1	75.1	299,046	1,539.3	10.7
1963	17,468.9	71.3	361,118	1,648.0	9.4
1964	23,233.6	79.9	427,893	2,603.3	11.2
1966	27,803.2	79.8	707,705	3,984.0	14.3
1968	39,435.1	74.9	878,900	5,859.4	14.9
1970	32,631.1	68.5	1,071,243	6,174.0	18.9
1972	44,696.4	74.7	1,119,243	8,906.9	19.9
1974	26,981.4	75.4	1,440,533	7,116.1	26.4
1976	39,342.2	77.3	1,346,490	10,719.7	27.2
1978	37,043.3	82.4	1,258,996	9,590.5	25.9
1980	45,763.2	78.4	1,023,101	12,855.9	28.1
1981	48,364.0	87.6	771,585R	11,405.3R	23.6R
1982	66,579.2	86.7	953,483	16,232.7	24.4

NOTE: Prior to 1981, Keogh and IRA figures are included in institutional holdings. Institutional holdings as a percent of assets of reporting companies is slightly understated prior to 1974 due to limited reporting of Keogh information. Reported institutional accounts and value of holdings for 1981 and 1982 were used to derive universe estimates shown in the following tables which present institutional data in greater detail. The 1981 figures were revised to exclude Keogh and IRA. In the 1980 figures, Keogh and IRA accounted for about 30 percent of institutional accounts and 23 percent of institutional assets.

R—Revised

FIDUCIARY, BUSINESS AND INSTITUTIONAL INVESTORS OF EQUITY BOND AND INCOME FUNDS NUMBER OF ACCOUNTS, 1981 AND 1982

	1981	1982
Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)	**693,039**	**799,762**
Business Corporations	36,215	40,858
Employee Pension and Profit Sharing Funds	147,110R	203,511
Insurance Companies and Other Financial Institutions	16,821	16,876
Unions	664	1,326
Total Business Organizations	**200,810**	**262,571**
Churches and Religious Organizations	8,170	10,827
Fraternal, Welfare, and Other Public Associations	5,321	7,462
Hospitals, Sanitariums, Orphanages, Etc.	1,769	2,333
Schools and Colleges	3,978	4,148
Foundations	1,015	1,005
Total Institutions and Foundations	**20,253**	**25,775**
Other Institutional Investors Not Classified (a)	**17,886**	**47,604**
Total	**931,988**	**1,135,712**

(a) Includes institutional accounts which do not fall under other classifications and those for which no determination of classification can be made.

NOTE: Reporters of institutional data represented 83.4% of total shareholder accounts in 1981, and 83.9% in 1982. The figures shown above are universe estimates based on those reports.

R—Revised

FIDUCIARY, BUSINESS AND INSTITUTIONAL INVESTORS OF EQUITY BOND AND INCOME FUNDS VALUE OF HOLDINGS, 1981 AND 1982

(In Millions of Dollars)

	1981	1982
Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)	**$ 6,043.1**	**$ 8,302.1**
Business Corporations	1,249.1	2,111.0
Employee Pension and Profit Sharing Funds	3,408.1R	4,871.4
Insurance Companies and Other Financial Institutions	937.2	1,223.6
Unions	43.1	27.7
Total Business Organizations	**$ 5,637.5**	**$ 8,233.7**
Churches and Religious Organizations	150.0	228.4
Fraternal, Welfare, and Other Public Associations	334.8	293.8
Hospitals, Sanitariums, Orphanages, Etc.	96.8	98.8
Schools and Colleges	170.6	201.9
Foundations	55.6	86.7
Total Institutions and Foundations	**$ 807.8**	**$ 909.6**
Other Institutional Investors Not Classified (a)	**$ 592.9**	**$ 1,426.1**
Total	**$13,081.3**	**$18,871.5**

(a) Includes institutional accounts which do not fall under other classifications and those for which no determination of classification can be made.

NOTE: Reporters of institutional data represented 87.6% of total net assets in 1981, and 86.6% in 1982.

R—Revised

FIDUCIARY, BUSINESS AND INSTITUTIONAL INVESTORS OF MONEY MARKET FUNDS NUMBER OF ACCOUNTS, 1981 AND 1982

	1981	1982
Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)	**689,452**	**800,292**
Business Corporations	385,198	415,424
Employee Pension and Profit Sharing Funds	132,586R	189,772
Insurance Companies and Other Financial Institutions	48,119	208,737
Unions	1,630	9,240
Total Business Organizations	**567,533**	**823,173**
Churches and Religious Organizations	16,823	23,373
Fraternal, Welfare, and Other Public Associations	15,266	18,570
Hospitals, Sanitariums, Orphanages, Etc.	6,197	7,082
Schools and Colleges	4,807	8,115
Foundations	605	1,578
Total Institutions and Foundations	**43,698**	**58,718**
Other Institutional Investors Not Classified (a)	**69,854**	**187,843**
Total	**1,370,537**	**1,870,026**

(a) Includes institutional accounts which do not fall under other classifications and those for which no determination of classification can be made.

NOTE: Reporters of institutional data represented 71.6% of total accounts in 1981, and 77.8% of total accounts in 1982.

R—Revised

FIDUCIARY, BUSINESS AND INSTITUTIONAL INVESTORS OF MONEY MARKET FUNDS VALUE OF HOLDINGS, 1981 AND 1982

(In Millions of Dollars)

	1981	1982
Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)	**$34,524.8**	**$42,918.0**
Business Corporations	18,416.5	19,031.7
Employee Pension and Profit Sharing Funds	4,692.3R	6,248.2
Insurance Companies and Other Financial Institutions	5,557.5	8,273.0
Unions	96.6	441.5
Total Business Organizations	**$28,762.9**	**$33,994.4**
Churches and Religious Organizations	533.2	691.3
Fraternal, Welfare, and Other Public Associations	737.1	708.7
Hospitals, Sanitariums, Orphanages, Etc.	464.5	576.6
Schools and Colleges	459.6	504.7
Foundations	22.6	77.9
Total Institutions and Foundations	**$ 2,217.0**	**$ 2,559.2**
Other Institutional Investors Not Classified (a)	**$ 1,591.6**	**$ 7,504.0**
Total	**$67,096.3**	**$86,975.6**

(a) Includes institutional accounts which do not fall under other classifications and those for which no determination of classification can be made.

NOTE: Reporters of institutional data represented 65.9% of net assets in 1981, and 67.8% in 1982.

R—Revised

FIDUCIARY, BUSINESS AND INSTITUTIONAL INVESTORS OF MONEY MARKET FUNDS BY TYPE OF FUND NUMBER OF ACCOUNTS, 1981 and 1982

	General Purpose		Broker/Dealer		Institutional	
	1981	1982	1981	1982	1981	1982
Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)	**295,699**	**398,746**	**180,880**	**221,476**	**212,873**	**180,070**
Business Corporations	139,778	178,072	238,910	231,787	6,510	5,565
Employee Pension and Profit Sharing Funds	66,723	100,113	60,436	86,689	5,427	2,970
Insurance Companies and Other Financial Institutions	23,861	14,353	3,791	185,383	20,467	9,001
Unions	175	634	1,430	8,590	25	16
Total Business Organizations	**230,537**	**293,172**	**304,567**	**512,449**	**32,429**	**17,552**
Churches and Religious Organizations	10,676	12,284	5,826	10,830	321	259
Fraternal, Welfare, and Other Public Associations	7,531	8,314	7,365	10,017	370	239
Hospitals, Sanitariums, Orphanages, Etc.	2,474	3,192	3,550	3,769	173	121
Schools and Colleges	2,206	3,231	2,453	4,624	148	260
Foundations	482	381	123	1,197	0	0
Total Institutions and Foundations	**23,369**	**27,402**	**19,317**	**30,437**	**1,012**	**879**
Other Institutional Investors Not Classified (a)	**20,447**	**113,818**	**49,136**	**73,532**	**271**	**493**
Total	**570,052**	**833,138**	**553,900**	**837,894**	**246,585**	**198,994**

(a) Includes institutional accounts which do not fall under other classifications and those for which no determination of classification can be made.

FIDUCIARY, BUSINESS AND INSTITUTIONAL INVESTORS OF MONEY MARKET FUNDS BY TYPE OF FUND VALUE OF HOLDINGS, 1981 and 1982

(In Millions of Dollars)

	General Purpose		Broker/Dealer		Institutional	
	1981	1982	1981	1982	1981	1982
Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)	**$ 3,979.2**	**$ 5,892.3**	**$ 4,338.1**	**$ 4,547.4**	**$26,207.5**	**$32,478.3**
Business Corporations	6,160.7	7,142.0	10,884.0	10,607.0	1,371.8	1,282.7
Employee Pension and Profit Sharing Funds	2,174.8	2,890.7	2,157.5	3,195.0	360.0	162.5
Insurance Companies and Other Financial Institutions	1,149.4	1,453.1	256.9	2,960.9	4,151.2	3,859.0
Unions	22.3	68.6	67.8	371.3	6.5	1.6
Total Business Organizations	**$ 9,507.2**	**$11,554.4**	**$13,366.2**	**$17,134.2**	**$ 5,889.5**	**$ 5,305.8**
Churches and Religious Organizations	300.5	278.5	193.8	379.0	38.9	33.8
Fraternal, Welfare, and Other Public Associations	259.3	240.4	422.7	436.8	55.1	31.5
Hospitals, Sanitariums, Orphanages, Etc.	196.9	245.3	231.9	285.5	35.7	45.8
Schools and Colleges	161.5	186.2	165.1	258.0	133.0	60.5
Foundations	5.3	16.1	17.3	61.8	0	0
Total Institutions and Foundations	**$ 923.5**	**$ 966.5**	**$ 1,030.8**	**$ 1,421.1**	**$ 262.7**	**$ 171.6**
Other Institutional Investors Not Classified (a)	**$ 390.8**	**$ 1,754.3**	**$ 1,129.5**	**$ 5,681.4**	**$ 71.3**	**$ 68.3**
Total	**$14,800.7**	**$20,167.5**	**$19,864.6**	**$28,784.1**	**$32,431.0**	**$38,024.0**

(a) Includes institutional accounts which do not fall under other classifications and those for which no determination of classification can be made.

FIDUCIARY, BUSINESS AND INSTITUTIONAL INVESTORS OF SHORT-TERM MUNICIPAL BOND FUNDS NUMBER OF ACCOUNTS, 1981 AND 1982

	1981	1982
Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)	**8,238**	**14,148**
Business Corporations	1,077	2,644
Employee Pension and Profit Sharing Funds	33	51
Insurance Companies and Other Financial Institutions	1,000	3,802
Unions	20	13
Total Business Organizations	**2,130**	**6,510**
Churches and Religious Organizations	8	16
Fraternal, Welfare, and Other Public Associations	4	17
Hospitals, Sanitariums, Orphanages, Etc.	3	9
Schools and Colleges	3	9
Foundations	0	0
Total Institutions and Foundations	**18**	**51**
Other Institutional Investors Not Classified (a)	**1,518**	**1,196**
Total	**11,904**	**21,905**

(a) Includes institutional accounts which do not fall under other classifications and those for which no determination of classification can be made.

NOTE: Short-term municipal bond fund reporters represented 87.7% of total accounts in 1981 and 89.5% in 1982.

FIDUCIARY, BUSINESS AND INSTITUTIONAL INVESTORS OF SHORT-TERM MUNICIPAL BOND FUNDS VALUE OF HOLDINGS, 1981 AND 1982

(In Millions of Dollars)

	1981	1982
Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)	**$2,036.3**	**$5,247.8**
Business Corporations	373.0	958.5
Employee Pension and Profit Sharing Funds	0.5	3.2
Insurance Companies and Other Financial Institutions	569.1	1,614.1
Unions	3.2	1.4
Total Business Organizations	**$ 945.8**	**$2,577.2**
Churches and Religious Organizations	0.6	1.5
Fraternal, Welfare, and Other Public Associations	1.1	10.5
Hospitals, Sanitariums, Orphanages, Etc.	0.1	1.1
Schools and Colleges	0.2	0.8
Foundations	0.0	0.0
Total Institutions and Foundations	**$ 2.0**	**$ 13.9**
Other Institutional Investors Not Classified (a)	**$ 127.5**	**$ 109.1**
Total	**$3,111.6**	**$7,948.0**

(a) Includes institutional accounts which do not fall under other classifications and those for which no determination of classification can be made.

NOTE: Short-term municipal bond fund reporters represented 89.8% of total net assets in 1981, and 67.8% in 1982.

ASSETS OF MAJOR INSTITUTIONS AND FINANCIAL INTERMEDIARIES

(In Millions of Dollars)

	1975	1976	1977	1978	1980	1981	1982
Savings Institutions							
Commercial Banks	$964,900	$1,030,700	$1,166,000	$1,284,000	$1,576,600	$1,808,700R	$1,972,200
Credit Unions	38,037	45,225	53,755	62,348	71,709	77,682	89,261C
Mutual Savings Banks	121,056	134,812	147,287	158,174	171,564R	175,728R	172,287C
Savings & Loan Associations	338,233	391,907	459,241	523,542	630,712R	664,167R	706,021P
Insurance							
Fire & Casualty	$ 93,338	$ 112,091	$ 134,339	$ 158,855	$ 211,420R	$ 226,733R	$ 244,000E
Life	289,304	321,552	351,722	389,924	479,210R	525,803R	578,200C
Investment Institutions							
Bank Administered Trusts	$397,218	$ 486,603	$ 502,715	$ 441,801B	$ 571,194	$ 585,788	N/A
Closed-End Investment Companies	8,952	9,319	7,373	8,039	7,920	7,068A	7,498A
Mutual Funds	45,824*	50,908*	48,548*	55,838*	134,761*	241,365	296,600
Pension Funds							
Private (non-insured)	$146,800	$ 171,900	$ 178,300	$ 198,300	$ 286,800	$ 294,800	N/A
Government	154,700	175,000	193,800	222,400	283,600	317,700	N/A

A—As of September 30.
B—Not comparable with prior years as the series was revised in 1978 to reflect only discretionary trusts and agencies.

*Includes Short Term Funds.
R—Revised
E—Estimate
C—As of November 30, 1982
P—Preliminary

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